

## Financial Procedures Policy

**Last amended 27.08.19 by Heather Watson**

**Reviewed by Chris Stafford, COO, May 2019**

**Ratified by Trustees' Resources & Audit Committee 12.06.19**

**Next review June 2020**

*This policy has been reviewed in line with the 8 principles set out in the Single Equality Policy and an initial screening Equality Impact Assessment has been carried out.*

Within this policy the term Headteacher refers to the Headteacher of the school and the term CEO refers to the Chief Executive Officer of the Twynham Learning Multi Academy Trust (the Trust).

The governors of the Trust are charity trustees and company directors and for the purpose of this policy these terms are interchangeable.

This policy reflects the legislation at the time that it was last reviewed. Any changes in legislation will take precedence over anything printed in this policy.

**Contents:**[Statement of intent](#)

1. [Legal framework](#)
2. [Roles and responsibilities](#)
3. [Financial oversight](#)
4. [Budget setting](#)
5. [Budget management and monitoring](#)
6. [Cash management](#)
7. [Purchasing, procurement and returns](#)
8. [Income and expenditure](#)
9. [Investments](#)
10. [Borrowing and debt](#)
11. [Fixed assets](#)
12. [Leasing](#)
13. [Gifts](#)
14. [Related party transactions](#)
15. [Payroll](#)
16. [Charging and remissions](#)
17. [VAT procedures](#)
18. [Risk management](#)
19. [Special payments](#)
20. [Annual accounts](#)
21. [Auditing](#)
22. [Record keeping](#)
23. [Whistleblowing and fraud](#)
24. [Monitoring and review](#)

**Appendices:**

- A. [Register of Interests](#)

**Statement of intent**

It is important for Twynham Learning to demonstrate that they do not benefit personally from decisions they make with regards to the spending of public money. To ensure that the financial standing of the Trust cannot be brought into disrepute, this policy will be implemented by all academies within the Trust, guaranteeing consistency in financial procedures across the academies.

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

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

## 1. Legal framework

- 1.1. This policy has due regard to legislation and statutory guidance, including, but not limited to, the following:
  - The Employment Relations Act 1999
  - Companies Act 2006
  - The Equality Act 2010
  - The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
  - ESFA (2018) 'Academies financial handbook 2018'
  - DfE (2016) 'Academies financial assurance'
- 1.2. This policy operates in conjunction with the following policies:
  - Pay Policy School Based Teaching Staff
  - Pay Policy School Based Non-Teaching Staff
  - Charging and Remissions Policy
  - Reserves and Investment Policy
  - Gifts and Hospitality Policy
  - Whistle Blowing Policy
  - Data Protection Policy

## 2. Roles and responsibilities

- 2.1. The Members of the Trust are responsible for:
  - Appointing the Trust's auditors and receiving the Trust's audited annual accounts.
  - Conducting the business of the Trust in accordance with company and charity law and adhering to the Trust's funding agreement with the Secretary of State.
- 2.2. The Board of Trustees is responsible for:
  - Applying the highest standards of governance and taking full ownership of their duties.
  - Overseeing the financial performance of the Trust.
  - Ensuring that the Trust's practices reflect the 'seven principles of public life' (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
  - Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties.
  - Ensuring that funds are received according to the academy's funding agreement and are used only for the purposes intended.
  - Ensuring the Trust complies with any financial notices to improve issued to it by the ESFA.
  - Approving the annual budget, consolidated budget, central budget and each academy's budget.
  - Ensuring that decisions about levels of executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities.

- Overseeing the financial performance of the organisation and making sure its money is well spent.
- Approving the Trust's five-year financial plan.
- Ensuring an appropriate scheme of delegation is in place.
- Ensuring assets are managed effectively.
- Approving purchase orders, invoices and contracts over £50,000
- Ensuring accurate accounting records are maintained.
- Appointing internal and external auditors.
- Receiving the annual audit report.
- Approving severance and compensation payments up to £50,000, after which they must seek the ESFA's approval.
- Appointing, in writing, a senior executive leader who may be appointed as a trustee.
- Appointing an appropriate accounting officer that is the senior executive leader.
- Ensuring the roles of senior executive leader and accounting officer do not rotate.
- Referring to the competency framework for governance to determine if any skills gaps are apparent and taking steps to mitigate these.
- Referring and adhering to the six features of effective governance as set out in the [Governance Handbook](#).

2.3. The Chief Executive Officer is responsible for:

- Sharing the ESFA's '[Dear Accounting Officer](#)' letter with the Members, Trustees, and other members of the Trust Executive Team, arranging for it to be discussed by the Board of Trustees and taking action, where appropriate, to strengthen the Trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure, in accordance with legislation, the terms of the Trust's funding agreement and the Academies Financial Handbook (AFH), and with the Trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the [audited accounts](#).
- The Trust's financial affairs.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring the Board of Trustees that the Trust is compliant with the AFH and the funding agreement.
- Authorising changes to the personnel structure of each academy.

- Informing the Board of Trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the articles of association, funding agreement or the AFH.
- Informing the ESFA, in writing, where they have advised the Board of Trustees that they are in breach of the articles of association, funding agreement or AFH but the Board has continued with their actions.

### Summary of Scheme of Delegated Authorities

Delegated Duty	Value	Delegated Authority	Method
Ordering goods and services	Up to £10,000	For Non-Sponsored Schools: Headteacher  For Sponsored Schools: Headteacher and COO jointly	Selection from preferred supplier list unless agreed otherwise with COO  Best Value form must be completed
	£10,001 to £50,000	As above  Expenditure exceeding £10,000 must be approved by CEO and COO jointly	Selection from preferred supplier list/ or 3 quotes unless agreed otherwise with COO  Minimum of three written quotes  Complete Best Value Form
	£50,001 +	CEO and Trustees jointly	Formal Tendering process, including advertising through bought-in procurement services
<b>All Purchase Order requests over £5000 must be submitted with a completed Best Value Form</b>			

2.4. The Chief Operating Officer (COO) is responsible for:

- Acting as the principal finance officer for the Trust.
- Ensuring that the Trust's financial position is managed at a strategic level within the framework for financial control determined by the Board of Trustees.
- Ensuring that all financial matters focus on the wider needs of the Trust, rather than on any individual academy.

- Working with MAT Management Accountant (MMA) and internal auditors to provide assurance to the CEO, Trustees Resources and Audit Committee and Board of Trustees.
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective consistent financial policies are in place across the Trust.
- Acting as an authorised signatory of the bank accounts of the academies within the Trust.
- Ensuring that forms and returns for the Trust are sent in line with statutory timeframes.
- Writing off bad debts up to £1,000.
- Authorising the disposal of assets up to £5000.
- Accepting quotations/tenders at a minimum of £10,000 and over.
- Authorising virements to approved budgets between £10,000 and £50,000 jointly with the CEO.
- Authorising tenders between £10,000 and £50,000 for the Trust jointly with the CEO.
- Approving purchase orders, invoices and contracts between £10,000 and £50,000 jointly with the CEO.
- For sponsored schools approving jointly with the Chief Executive Officer orders, invoices and contracts up to £10,000
- Liaising with the Headteacher and SBM/Finance Team from each academy regarding financial matters.

2.5. The Trustees' Resources and Audit Committee is responsible for:

- Reviewing the Trust's consolidated budget, central budget and five-year financial plan, as well as making recommendations to the Board of Trustees regarding these key documents.
- Approving the annual budget for each academy.
- Regularly monitoring expenditure and income against the budget and making any recommendations to the Board of Trustees.
- Reviewing the mandates for the operation of academy bank accounts and credit cards.
- Ensuring appropriate insurance arrangements are in place.
- Implementing appropriate accounting policies.
- Ensuring an appropriate framework of internal financial controls is established.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and related ESFA guidance.
- Acting as the audit committee for the Trust and reviewing reports on the effectiveness of the financial procedures and controls of the Trust.

- 2.6. The Local Advisory Boards (LABs) of non-sponsored schools within the Trust are responsible for:
- Reviewing the budget for their academy and making recommendations for approval to the Board of Trustees.
  - Ensuring that any grants are used for the purposes intended.
  - Reviewing the actual income and expenditure against the approved budget for their academy and making recommendations to the Board of Trustees.
  - Making recommendations to the Board of Trustees in relation to the appointment, pay and contractual terms of members of the Senior Leadership Team (SLT) in their academy.
  - Presenting recommendations from their academy's Headteacher in relation to the appointment, pay and contractual terms of members of staff other than members of the SLT to the CEO.
- 2.7. The Headteacher of each academy is responsible for:
- Ensuring budgetary control within approved budgets.
  - Authorising contracts and orders, up to the amount stated in the scheme of delegation, reporting all decisions to the LAB.
  - Authorising payments from the academy's bank account and BACS payments.
  - Signing cheques and acting as the named debit card holder.
  - Ensuring that draft budget papers are prepared for the consideration of the MMA, COO and Director of Standards (DOS).
  - Authorising the disposal of assets up to £500.
- 2.8. The School Business Manager (SBM) of each academy is responsible for:
- Managing day-to-day financial issues, including the establishment and operation of the accounting system.
  - Maintaining effective internal controls.
  - Drafting original and revised finance plans in cooperation with the Headteacher and with the support of the COO, Chair of the LAB, MAA and DOS.
  - Maintaining the accounting records.
  - Ensuring that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management.
  - Ensuring that payments are made to suppliers within invoice payment terms.
  - Monitoring the budget on a monthly basis.
  - Ensuring the monthly completion of bank, petty cash and other reconciliations.
  - Monitoring cash flow during the month and liaising with the MMA regarding this, where necessary.
  - Managing and processing online payments and payroll, subject to appropriate authority.

- Ensuring that proper checks and controls are in place to cover day-to-day activities in accordance with the financial regulations manual.
- Ensuring VAT is correctly accounted for.
- Liaising with MAT Management Accountant in respect of any queries, and ensuring data is supplied for preparation of annual accounts within agreed timescales.

### **3. Financial oversight**

- 3.1. The Trust takes full responsibility for its financial affairs and uses resources to maximise pupils' outcomes.
- 3.2. The Board of Trustees meets at least six times a year.

### **4. Budget setting**

- 4.1. The budget is a working document which may need revising throughout the year as circumstances change. Approval for any significant revisions need to be obtained from the CEO.
- 4.2. The budget planning process follows an annual planning cycle and consists of the following four phases:
  - Planning
  - Budget setting
  - Monitoring
  - Review
- 4.3. The budget process takes the following elements into account:
  - Forecasts of likely pupil numbers to estimate the amount of DfE grant available
  - Review of other income sources
  - Review of past performance against budgets
  - Identification of potential efficiency and budget containment actions
  - An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation or other anticipated changes
- 4.4. When reviewing and approving budgets for the Trust, the Board of Trustees ensures the following:
  - That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
  - Pupil number estimates are challenged and that these underpin revenue projections.
  - An integrated approach to curriculum and financial planning is taken.
- 4.5. Each academy within the Trust will have an independent budget, which will be overseen by the CEO & COO.

- 4.6. A balanced budget for the forthcoming financial year will be approved by the Board of Trustees, and this approval will be minuted.
- 4.7. The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in school development plans.
- 4.8. Both medium-term and short-term financial plans are prepared for the Trust and each of the academies in the Trust.
- 4.9. The medium-term plan indicates how the Trust's and each academy's educational aims and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.10. The development plan provides the framework for the annual budget.
- 4.11. Draft budgets will be presented to the CEO, COO and Board of Trustees.
- 4.12. Once budgets are agreed, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.
- 4.13. The Board of Trustees will notify the ESFA within 14 days of proposing to set a deficit revenue budget.

## **5. Budget management and monitoring**

- 5.1. To implement a smooth-running planning process, the MMA will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation.
- 5.2. A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.
- 5.3. The SBMs are responsible for monitoring income and expenditure in their academy throughout the year.
- 5.4. A five-year budget forecast will be prepared when the budget for the current financial year is being set.
- 5.5. The MMA will prepare monthly management accounts, setting out the Trust's financial performance and position. The accounts will be shared with the CEO, COO and with all Trustees every month.
- 5.6. The Board of Trustees will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability.
- 5.7. The Board of Trustees will select key financial performance indicators and measure its budgetary performance against these regularly.
- 5.8. All expenditure must be within the agreed budget

- 5.9. The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate.
- 5.10. The Trustees' Resources and Audit Committee will continually monitor the quality of the financial information presented to them, to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
- 5.11. The Trust will submit the following returns to the ESFA:
  - A budget forecast return outturn by mid-May
  - A three-year budget forecast return by the end of July

The returns will be approved by the Board of Trustees before submission to the ESFA.
- 5.12. Where the Board of Trustees has concerns about the Trust's financial performance, it will consider whether additional financial reporting is required.

## 6. Cash management

- 6.1. The Trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn.
- 6.2. The SBM of each academy and the MMA will prepare cash flow forecasts to ensure that the Trust has sufficient funds available to cover day-to-day operations.
- 6.3. The COO will monitor cash flow with the MMA.
- 6.4. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.
- 6.5. All cheques and other instruments authorising withdrawal from any of the Trust's bank accounts will bear authorising signatures/electronic signatures in line with the scheme of delegation. The Headteacher is the authorising signatory in an academy, unless otherwise delegated.
- 6.6. Petty cash is the responsibility of the SBM/ Finance Team at each Academy within the Trust and retained at each Academy in the safe.
- 6.7. The SBM /Finance Team is responsible for the management of petty cash and will:
  - Ensure petty cash is held securely
  - Make reimbursements only on the Petty Cash Request Form
  - In exceptional circumstances, make cash available to staff in advance of a receipt being available for items under £50
  - Reconcile petty cash at a minimum of monthly
  - Make the petty cash available for checking at any time
  - Record all petty cash transactions

- 6.8. In the interests of security, petty cash payments will be limited to £50. Higher value payments will be made via online banking direct to the recipient's bank account.
- 6.9. A petty cash request will be completed and submitted to the SBM / Finance Team for processing before petty cash is received. Valid receipts for all goods purchased will be attached.
- 6.10. The SBM/ Finance team will be available each day to reimburse petty cash expenses and the recipient will sign the petty cash form to acknowledge receipt.
- 6.11. Details of monies held in the safe will reflect balances shown in the cash book.

## 7. Purchasing, procurement and returns

- 7.1. The Trust subscribes to the LA procurement service and commissions them to undertake the tendering process where applicable.
- 7.2. The Headteacher is the budget holder for each academy and their approval will be sought for any purchases above £10,000. Approval of the COO or CEO is to be sought prior to entering into any contracts or requesting any tenders.
- 7.3. An accepted tender will be the one that is economically most advantageous, unless it can be demonstrated that this is not the best option for the Trust and other factors outweigh any monetary savings.
- 7.4. To maintain integrity concerning the use of public funds, the following general principles will be adhered to:
  - **Probity** – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
  - **Accountability** – the Trust is publicly accountable for its expenditure and the conduct of its affairs.
  - **Fairness** – all tenders dealt with by the Trust are done so fairly and equally.
- 7.5. There are three forms of tender procedure: open, restricted and negotiated.
- 7.6. Open tenders are where potential suppliers are invited to tender. This method involves the executive support team discussing and agreeing with the COO how best to advertise for suppliers.
- 7.7. Restricted tenders refer to where suppliers are specifically invited to tender. This method is appropriate where:
  - There is a need to maintain a balance between the contract value and administrative costs.
  - A large number of suppliers are likely to register an interest.
  - The nature of the goods means that only specific suppliers can be expected to supply the Trust's requirements.

- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- 7.8. Negotiated tenders mean that the terms of the contract may be negotiated with one or more chosen suppliers. This method is appropriate where:
- Other tender methods have resulted in either no or unacceptable tenders.
  - Only one or very few suppliers are available.
  - Extreme urgency exists.
  - Additional deliveries by existing suppliers are justified.
- 7.9. When preparing for tender, full consideration will be given to the objectives of the project, the overall requirements regarding the technical skills necessary and after sales service requirements.
- 7.10. The tender evaluation process will involve at least two people who will disclose any conflicts of interest.
- 7.11. Full records will be kept of all the criteria used for evaluation and for all contracts.
- 7.12. The Trust will aim to achieve the best possible value for money for all its purchases, ensuring that services are delivered in the most economical, efficient and effective way.
- 7.13. The Headteacher and SBM of each academy are responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods or services.
- 7.14. Where the value of an order is over £5,000 the requisition will be accompanied with evidence of thorough discussion and appropriate quotes together with a completed and authorised Best Value form.
- 7.15. The COO is responsible for ensuring that a value for money statement is published annually, on behalf of the Board of Trustees.
- 7.16. The COO is responsible for authorising all contracts for the Trust.
- 7.17. Where practicable, three written quotations will be obtained for all orders over £5000 and a Best Value form completed to identify the best source of the goods/services.
- 7.18. Goods or services ordered with a value of £50,000 or more, or for a series of contracts which in total exceed £50,000, are subject to formal tendering procedures.
- 7.19. The Headteacher of a non-sponsored academy may authorise orders up to the value of £10,000.
- 7.20. All orders above £10,000, but below £50,000, will be authorised by the CEO and COO jointly
- 7.21. Orders over £50,001 will be authorised by the CEO and Board of Trustees jointly.

## 8. Income and expenditure

- 8.1. The main source of income for the Trust and its academies is through the grants received from the ESFA.
- 8.2. When allocating capital funding, the Board of Trustees will consider the funding needs and allocations of each academy within the Trust.
- 8.3. The MMA monitors the receipt of grants, ensuring that all grants due to the academies within the Trust are appropriately collected.
- 8.4. The Trust collects income from parents via a number of methods including, but not limited to, the following:
  - School meals
  - Trips and residential visits
  - Book bags and uniform
  - Additional nursery places
  - After school club lettings
  - Reimbursements from various parties and activities
- 8.5. There are two main areas of expenditure:
  - Salaries – this forms the largest element of expenditure. Salaries of all staff members will be reviewed on an annual basis by the Headteacher, with effect from 1 September and no later than 31 October. Pay review recommendations are then given to the LAB for discussion. Recommendations will be sent to the CEO for approval.
  - Premises maintenance – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The COO will incorporate an allowance for unexpected contingencies, as well as for any small new works which may be proposed in-year.
  - The monthly payroll files will be checked against the budget at an individual level and signed off by the Director of Human Resources (DoHR)
- 8.6. The SBM / Finance team will keep an up-to-date record of the income and expenditure for their academy.
- 8.7. The SBM / Finance team will bank the entirety of any money collected in return for goods or services, such as a school trip, in the appropriate bank account.
- 8.8. The SBM/ Finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.
- 8.9. Reconciliations will be prepared at least monthly and will be reviewed and certified by the MMA

## 9. Investments

- 9.1. Where the Board of Trustees wishes to make investments to further the Trust's charitable aims, it will ensure that investment risks are properly managed.
- 9.2. When considering an investment, the Board will:
  - Act within its powers to invest as set out in the articles of association.
  - Ensure value for money.
  - Take advice from professional advisers where appropriate.
  - Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
  - Ensure investment decisions are in the best interests of the Trust.
- 9.3. Approval will be sought from the ESFA prior to any investment transactions that are novel, contentious and/or repercussive.

## 10. Borrowing and debt

- 10.1. Approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.
- 10.2. Credit cards will only be used for business expenditure.
- 10.3. Credit card balances will be cleared before any interest accrues.
- 10.4. The Trust will prepare and monitor financial plans to ensure ongoing financial health.
- 10.5. The SBM/Finance Team will contact individuals of any outstanding debts owed after 30 days of the notification of payment, e.g. an invoice being sent.
- 10.6. The SBM /Finance Team will issue payment reminders to any non-payments at the following intervals:
  - 4 weeks from the invoice being sent – first reminder
  - 8 weeks from the invoice being sent – second reminder
  - 12 weeks from the invoice being sent – final reminder
- 10.7. If, after the final reminder is sent, payment is not received in full, the COO will send a letter informing them that if the COO does not receive payment within 14 days then they will refer the matter to the Trust's legal advisors.
- 10.8. Debts over £1000 will not be written off without the express approval from the Board of Trustees
- 10.9. The SBM/ Finance Team will keep accurate records of the debt process, including:
  - Logging invoices and receipts on the Trust's accounting system.
  - Keeping any emails pertaining to debt collection for three months after the payment has been made.
  - Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.

10.10. The Headteacher can write off debt up to £500.

## 11. Fixed assets

- 11.1. The Trust will obtain approval from the 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 Trust's funding agreement for the disposal of assets generally
- 11.2. Other than the transactions outlined in 11.1, the Trust does not need the ESFA's approval to dispose of any other fixed assets.
- 11.3. Any disposal will maintain the principles of value for money, regularity and propriety.

## 12. Leasing

- 12.1. For the purpose of this policy, there are two types of lease:
- Finance lease – a form of borrowing
  - Operating leases – not a form of borrowing
- 12.2. The Trust will obtain approval from the ESFA for the following lease transactions:
- Taking up a finance lease on any class of asset for any duration from another party.
  - Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
  - Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.
- 12.3. Any lease will maintain the principles of value for money, regularity and propriety.

## 13. Gifts

- 13.1. The value of any gifts will be reasonable and within the limits set out in the Gifts and Hospitality Policy.
- 13.2. The decision to make gifts will be documented and have regard to propriety and regularity.
- 13.3. The Gifts and Hospitality Policy sets out the Trust's procedures relating to the acceptance of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the Trust.
- 13.4. Staff must declare to the COO any gift received worth £30 or more which will be recorded on the Gifts and Hospitality Register which will be monitored annually by the Trustees' Resources and Audit Committee

## 14. Related party transactions

- 14.1. The Trust will be even-handed in their relationships with related parties by ensuring:
  - Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
  - A register of interests has been completed.
  - No member of the Trust uses their connection to the Trust for personal gain.
  - All payments are permitted by the Articles of Association or by authority from the Charity Commission.
  - The Charity Commission approves payments to a Trustee where there is a significant advantage to the academy.
- 14.2. The Board of Trustees will ensure procedures pertaining to related party transactions are applied across the Trust.
- 14.3. The Board of Trustees and Accounting Officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the [seven principles of public life](#).
- 14.4. The Chair of Trustees and the Accounting Officer will ensure their capacity to control and influence does not conflict with requirements.
- 14.5. The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:
  - Transactions with individuals in a position of control and influence, including the Chair of Trustees and the Accounting Officer
  - Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
  - Relationships with external auditors beyond their duty to deliver a statutory audit
- 14.6. The Trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.
- 14.7. All transactions with related parties must be declared to ESFA in advance of the transaction taking place.
- 14.8. The Trust must seek ESFA approval where any of the following limits arise:
  - A new contract exceeding £20,000
  - A new contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year, ending 31<sup>st</sup> August
  - A new contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August

- Full disclosures must be made in the Trust's financial statements
- Declarations are to be made by using an online form through the Information Management Services portal known as IDAMS.

### **Register of interests**

- 14.9. All business and pecuniary interests will be recorded on the Register of Interests, including:
- Directorships, partnerships and employments with businesses.
  - Trusteeships and governorships at other educational institutions and charities.
  - For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.
- 14.10. The Register of Interests will identify any relevant material interests from close family relationships between the Trust's Members, Trustees or Local Governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.
- 14.11. The Register of Interests will be reviewed regularly, ensuring all information is up-to-date and amended when any new interests are declared.
- 14.12. The relevant business and pecuniary interests of Members, Trustees, Local Governors and the Accounting Officer will be published on the Trust's website.

### **'At cost' requirements**

- 14.13. The Trust will not pay more than 'cost' for goods or services provided by the following:
- Any Member or Trustee of the Trust.
  - Any individual or organisation related to a Member or Trustee of the Trust, namely:
    - A relative of a Member or Trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
    - An individual or organisation conducting business in partnership with the Member, Trustee or a relative of the Member or Trustee.
    - A company in which a Member or the relative of a Member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company.
    - An organisation which is controlled by a Member or the relative of a Member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that

individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.

- Any individual or organisation given the right under the Trust's Articles of Association to appoint a Member or Trustee of the Trust, or any body connected to the individual or organisation.
  - Any individual or organisation recognised by the Secretary of State as a sponsor of the Trust, or any body connected to the individual or organisation.
- 14.14. A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:
- Holding a greater than 20 percent capital share or equivalent interest
  - Having the equivalent right to control management decisions of the body
  - Having the right to appoint or remove a majority of the Board or governing body
- 14.15. 'At cost' requirements do not apply to the Trust's employees unless they are employed by one of the parties outlined in 14.9.
- 14.16. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.
- 14.17. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.
- 14.18. If any of the parties outlined in 14.9 are based in, or work from, the Trust's premises, the Trust will agree an appropriate sum to be paid to the Trust for use of the premises, unless the party is conducting work on behalf of the Trust.
- 14.19. 'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a Member or Trustee of the Trust, but not in other cases.
- 14.20. The Trust will ensure that any agreement with an individual or organisation referred to in 14.13 is procured through an open and fair process and is:
- Supported by a statement of assurance from the individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services.
  - On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

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

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

## 15. Payroll

15.1. Payroll forms the largest element of the school budget and it is, therefore, essential that financial procedures and internal controls in relation to payroll are properly implemented.

15.2. The Trust's payroll services are provided by Dorset Council. A formal contract is in place that sets out the terms of the contract.

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

15.4. Each academy within the Trust will act in accordance with the Pay Policy for School-Based Teaching Employees and the Pay Policy for School-Based Non-Teaching Employees.

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

15.6. Payroll is notified of any staff absence using the payroll provider's absence recording system.

15.7. The Headteacher and DoHR are responsible for ensuring that:

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

15.8. The SBM, in collaboration with the DoHR/HR Team/ Officers and third party payroll provider, are responsible for keeping the staff personnel database up-to-date via the designated recording system. This will include the following information about staff members:

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

15.9. The CEO is responsible for authorising the following salary changes:

- Pay awards for support staff

- Staffing structure changes
  - Performance related pay progression
- 15.10. Payroll is continuously monitored on a monthly basis and reviewed by the COO to ensure any changes have been implemented correctly and the information is up-to-date.
- 15.11. Payslips will be produced on a monthly basis and administered to employees via secure email, or in person where requested, on or around the 25th of each month.

### **Executive pay**

- 15.12. The Board of Trustees will ensure that executive pay follows a robust evidence-based process and is reflective of the individual's role and responsibilities.
- 15.13. No individual will be involved in deciding their salary.
- 15.14. The Board of Trustees will discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable, including:
- **Process** – that the procedure for determining executive pay is agreed by the Board in advance and documented.
  - **Independence** – decisions about executive pay reflect independent and objective scrutiny by the Board and conflicts of interest are avoided.
  - **Decision-making** – factors in determining pay are clear, including whether performance considerations, and the degree of challenge in the role, have been considered.
  - **Proportionality** – pay is defensible relative to the public-sector market.
  - **Documentation** – the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained.
  - A basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term.
  - Understanding that inappropriate pay can be challenged by the ESFA, particularly in any instance of poor financial management of the Trust.
- 15.15. Information about the gender pay gap in the Trust is published on the Trust's website.

### **16. Charging and remissions**

- 16.1. The Trustees are responsible for creating a Charging and Remissions Policy.
- 16.2. Each academy will act in accordance with the Trust's Charging and Remissions Policy at all times.
- 16.3. Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.
- 16.4. The Trustees can choose to remit charges wholly or in part.

- 16.5. The Trust may charge parents for the cost to replace items broken, damaged or lost if it is due to pupil behaviour.
- 16.6. Payments for activities will be processed and recorded by the SBM/ Finance Team.
- 16.7. The SBM/ Finance Team is responsible for ensuring that the correct invoices are sent to parents, and that payment is received.
- 16.8. The Trustees' Resources and Audit Committee will review the Charging and Remissions Policy annually, seeking advice from the COO where necessary.

## 17. VAT procedures

- 17.1. The Trust, and the academies within it, are registered for VAT and are entitled to reclaim VAT on qualifying purposes through a monthly VAT return.
- 17.2. Under legislation, VAT claims can be made on expenditure which supports the Trust's core business purposes.
- 17.3. A report is run for each of the academies within the Trust by the MMA to provide the data necessary for the completion of the VAT reclaim form.
- 17.4. VAT is reclaimed quarterly.
- 17.5. Only one return for the Trust is required by HMRC;
- 17.6. The Trust is eligible to reclaim most of the VAT it pays on invoices from HMRC.
- 17.7. Where invoices relate partly to business activity and partly to non-business activity a partial exemption calculation is produced each quarter to determine how much VAT can be reclaimed.
- 17.8. Reclaimed VAT will be transferred to the individual academies and posted to the VAT control account of the Academy.
- 17.9. On receipt of the reclaimed VAT from HMRC, the MMA will review the remittance, confirm whether this equals the claim made and sign the remittance to confirm this agreement. The individual academies will receive the VAT apportioned to them.

## 18. Risk management

- 18.1. The Trust will manage risks to ensure its effective operation, including contingency and business continuity planning.
- 18.2. The Trust will have adequate insurance cover in compliance with its legal obligations or will become a member of the academies [risk protection arrangement](#).
- 18.3. The Trust will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.
- 18.4. The governors' committee review and advise on risk management.

- 18.5. A risk management framework, register and policy have been developed for the Trust and are reviewed annually.
- 18.6. The Board of Trustees is aware that they should notify the Secretary of State, via the ESFA, of any instances of fraud or theft where the value exceeds any sum notified by the ESFA or appears to be systemic.

## 19. Special payments

- 19.1. For the purpose of this policy, special payments include:
- Staff severance payments.
  - Compensation payments.
  - Ex gratia payments.
- 19.2. Where the Trust considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:
- The proposed payment is in the interest of the Trust
  - The payment is justified, based on legal assessment of the chances the Trust will successfully defend the case at employment tribunal
  - The level of settlement is less than the legal assessment of what the relevant body will award
- 19.3. Under no circumstances will the Trust make severance payments where the money could be interpreted as a reward for insubordination or failure such as gross misconduct or poor performance.
- 19.4. For severance payments greater than £50,000, the Trust will seek approval from the ESFA. The ESFA will refer the transaction to HM Treasury so the Trust will allow sufficient time for this to be considered.
- 19.5. Value for money will be shown for all severance payments.
- 19.6. Compensation payments will take account of the facts of the matter ensuring value for money is achieved.
- 19.7. For compensation greater than £50,000, approval from the ESFA will be sought.
- 19.8. The Trust will consider whether cases reveal concerns pertaining to the effectiveness of internal control.
- 19.9. Ex gratia payments will always be referred to the ESFA for approval.

## 20. Annual accounts

- 20.1. The Trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's [Statement of Recommended Practice](#) and the ESFA's [Accounts Direction](#).
- 20.2. The audited accounts will be:
- Submitted to the ESFA by 31 December each year
  - Published on the Trust's website by 31 January

- Filed with Companies House in accordance with company law requirements, usually by 31 May
- Provided to anyone who requests a copy

## 21. Auditing

### Internal auditing

- 21.1. Internal scrutiny will be conducted within the Trust, alongside the work of an external auditor.
- 21.2. The Trust will appoint a third party to carry out an internal audit to manage risk and to check controls; the results of the audit will inform the Accounting Officer's statement on regularity, propriety and compliance.
- 21.3. The Trust will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.
- 21.4. Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.

### External auditing

- 21.5. The Trust will appoint an external auditor to certify whether its annual accounts present a true and fair view of the Trust's financial performance and position.
- 21.6. The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE.
- 21.7. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances.
- 21.8. The Board of Trustees will notify the ESFA immediately of the removal or resignation of the auditors.
- 21.9. The Accounting Officer will produce a statement on regularity, propriety and compliance and this will be included in the Trust's annual accounts.
- 21.10. The statement on regularity, propriety and compliance will include a responsibility to ensure that:
- There is efficient and effective use of resources in their charge.
  - Public money is spent for the purposes intended by parliament.
  - Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.
- 21.11. The Trust will respond promptly, reasonably and appropriately to any findings by the auditors.
- 21.12. The DfE will be informed within 14 days if the Trust appoints or terminates the contract of:
- An Accounting Officer or CEO including their contact information.
  - A Chair of Trustees.

- A Member, Trustee or Governor.

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

## **22. Record keeping**

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

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

22.2. The COO/ MMA is responsible for keeping up-to-date records of the Trust's financial state.

22.3. The SBM/ Finance team is responsible for keeping up-to-date records in relation to the finances of their academy.

22.4. Records will include the following information:

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

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

22.6. All financial records will be kept securely in each academy's finance office.

## **23. Whistleblowing and fraud**

23.1. The Trust puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks.

23.2. Each academy within the Trust will act in accordance with the Anti-Fraud and Corruption Policy.

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

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

- When reporting to the ESFA on instances of fraud, theft or irregularity, the academy will include the following information:
    - Full details of the event(s) with all key dates
    - The financial value of the loss
    - The measures taken by the Trust to prevent recurrence
    - Whether the matter was referred to the police and if not, the reasons why
    - Whether the insurance or the risk protection agreement have offset any loss
- 23.5. If a member of staff suspects their colleagues are involving them in matters of fraud, they have a duty, as an employee of the Trust, to raise suspicions to a member of their SLT.
- 23.6. Reports of fraud will be treated in a fair and unbiased manner.
- 23.7. If the report of fraud is against a member of the SLT, the member of staff can go directly to the Chair of Trustees.
- 23.8. The SLT of the relevant academy within the Trust will be responsible for the initial enquiries of fraud, theft or irregularity – they will then pass on their findings to the Board of Trustees for further inspection.
- 23.9. Upon receiving the SLT's initial findings, the Board of Trustees will:
- Determine whether further investigation is warranted.
  - Determine the initial response to the alleged perpetrator when this is a member of school staff.
  - Determine who will carry out the investigation.
  - Determine which outside agencies will be involved.
  - Assess the risk of the fraud and the perpetrator to the academy.
  - Determine to whom day-to-day management of the response will be given.
  - Allocate responsibility for damage limitation action.
  - Determine the course of action to recover losses.
  - Determine the course of action to be taken against the perpetrator.
  - Evaluate the events which enabled the fraud to occur.
  - Ensure preventative action is taken to prevent recurrence.
  - Report any excessive fraud (over £5,000) to the ESFA.
- 23.10. The Trust's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistleblower being treated unfairly.
- 23.11. The Headteacher / COO will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.
- 23.12. All concerns raised by whistleblowers are responded to properly and fairly in line with the Whistleblowing Policy.

**24. Monitoring and review**

- 24.1. This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by the Trustees Resource and Audit Committee and the Accounting Officer.
- 24.2. The COO will review and monitor all financial records continuously throughout the year.
- 24.3. The MMA and appointed internal auditor will review and monitor each academy's financial records, raising any concerns with the COO.

Appendix A – Register of Interests Form



**Business Interests and Related Parties Form**

**Information about you**

Individual's Full Name			
Your current employment and employer		Start date	
Your connection to Twynham Learning		Date of appointment	
Businesses of which you are a partner/proprietor *			
Company directorships*			
Charity trusteeships*			
Other schools where you are a governor or trustee*			

**Other Business Interests held personally by you**

Name of entity in which interest is held*	Description of interest

\*If none, please write "none" in box



**Business Interests and Related Parties Form**

**Close Family Members**

	<b>Names</b>	<b>Other relevant details (e.g. age of children)</b>	<b>Is the family member employed by the academy trust? Give details</b>	<b>Name of entity in which business interest is held by family member (if applicable)</b>	<b>Description of interest held e.g. % share held, position, etc. (if applicable)</b>
<b>Spouse/Domestic Partner</b>					
<b>Children</b>					
<b>Children of domestic partner</b>					
<b>Other dependents  (give reason why dependent under "other relevant details")</b>					

Signature:..... Date: .....

Equality Impact Assessment – Initial Screening Record

1. What policy is being reviewed?

Financial Procedures Policy

2. Upon whom will this impact?

Staff employed within the Trust

3. How would the work impact upon groups; are they included and considered?

<b>The Equality Strands</b>	Negative impact	Positive impact	No impact
Minority ethnic groups			√
Gender			√
Disability			√
Religion, faith or belief			√
Sexual orientation			√
Transgender			√
Age <small>(N/A to pre-school and school children)</small>			√
Rurality			√

4. Does data inform this work, research and/or consultation, and has it been broken down by the equality strands?

	NO	YES	Uncertain
Minority ethnic groups	√		
Gender	√		
Disability	√		
Religion, Faith or belief	√		
Sexual Orientation	√		
Transgender	√		
Age	√		
Rurality	√		

Does the initial screening highlight potential issues that may be illegal? NO

Further comments:-

Do you consider that a full Equality Impact Assessment is required? NO

Initial screening carried out by Chris Stafford, COO, May 2019

Comment by CEO: