



Financial Handbook

Version control

Version	Date	Status	Author	Comments
0.0	10.01.24	Draft	R Wetherall	Initial draft
0.1	10.01.24	Draft	M Wright	Review and comment
0.2	16.01.24	Draft	M Wright	Updated following review with R Wetherall and K Sexton
0.3	31.01.24	Draft	R Wetherall	Further development and review
0.4	01.02.24	Draft	M Wright	Review RW's comments and prepare for Board review.
0.5	23.02.24	Draft	M Wright	Updated to include a paragraph on school funds at 7.1 (final bullet)
0.6	19.03.24	Draft	R Wetherall	Updated to reflect Trust Board comments of 26.02.24
1.0	23.04.24	Final	Trust Board	Approval
2.0	03.02.25	Final	M Wright	Non-material change to reflect change of CEO.
2.1	01.04.25	Draft	M Wright	Updated to reflect changes recommended by Trust lawyers to s12.2. Changed CFOO to CFO throughout and added Management Accountant.
3.0	20.05.25	Final	M Wright	Board approval

Date of next review	April 2026
---------------------	------------

Contents

1.	Statement of Intent	6
2.	Legal Framework	6
3.	Key Contacts List.....	7
4.	Introduction.....	8
5.	Governance	8
5.1.	Role of members	8
5.2.	Role of the board of trustees	9
5.3.	Role of the Chief Executive Officer.....	11
5.4.	Role of the Accounting Officer	11
5.5.	Role of the Chief Financial Officer	13
5.6.	Role of the central trust	13
5.7.	Role of the local governing board (LGB).....	13
5.8.	Role of the headteacher	15
5.9.	Role of the School Business Manager or equivalent	16
5.10.	Key Financial Decisions.....	17
5.11.	Declaration of Governor Interests.....	17
5.12.	Security and data protection	19
5.13.	Attendance of trust employees at academy meetings	20
5.14.	Challenge of academy financial performance	20
5.15.	Completion of ESFA annual returns	21
5.16.	Variations to the financial handbook and policies	21
5.17.	The governance professional (clerk to the board)	21
6.	Internal Scrutiny	21
7.	External Audit.....	23
7.1.	Scope	23
7.2.	Timetable.....	24
7.3.	Responsibilities.....	25
8.	Financial Management	25
8.1.	Basis of accounting	25
8.2.	Use of restricted funds	26
	CHAPTER 2 – FINANCIAL PLANNING	27
9.	The Budget.....	27
9.1.	Finalising the Budget	28
9.2.	Receiving Your Budget.....	29
9.3.	Capital Expenditure	30
9.4.	Multi-year budget planning.....	30
9.5.	Cash flow forecasting	31
9.6.	Financial reporting – operational level.....	31
9.7.	Benchmarking.....	32
9.8.	Financial reporting – LGB.....	33
9.9.	Financial reporting – central trust.....	33
9.10.	Financial reporting – board of trustees	34
9.11.	Borrowing	34
9.12.	Register of gifts and hospitality	35
9.13.	Fraud.....	35
9.14.	Right of access to information.....	35
9.15.	Publications on web site.....	35
9.16.	Central record of contracts	36
9.17.	Charges and remission policy	36

9.18.	Insurance	37
9.19.	Planning for deficit budgets	37
10.	Customers and Income.....	38
10.1.	Setting up a new customer.....	38
10.2.	Raising sales invoices.....	39
10.3.	Processing customer receipts.....	39
10.4.	Issuing Credit notes & refunds	40
10.5.	EFSA Grants	40
10.6.	Other grants	41
10.7.	Online parent payments.....	41
10.8.	Balances on conversion to an academy	42
11.	Collection of Outstanding Debts	42
11.1.	Debt recovery procedure	42
11.2.	Provision of bad debts.....	43
11.3.	Write offs.....	43
11.4.	Accounting for write offs.....	44
12.	Suppliers and Purchasing.....	44
12.1.	Value for money	44
12.2.	Procurement process	45
12.3.	Choosing a supplier	46
12.4.	Setting up a new suppliers	46
12.5.	Amending supplier details.....	47
12.6.	Purchase requisitions	47
12.7.	Purchase orders.....	47
12.8.	Confirming delivery of goods or services	48
12.9.	Processing invoices and credit notes.....	48
12.10.	Raising payments.....	49
12.11.	Service agreements	49
12.12.	Travel and subsistence claims	50
12.13.	Leases	50
12.14.	Governor expenses.....	50
12.15.	Connected parties	51
12.16.	Novel and contentious transactions.....	52
12.17.	Irregular transactions	52
13.	Banking	53
13.1.	Access to the online banking system.....	53
13.2.	Opening or closing bank accounts.....	54
13.3.	Cash and cheque deposits.....	54
13.4.	Payments and withdrawals	54
13.5.	Direct debits and standing orders	55
13.6.	BACS payments.....	55
13.7.	Other online payments.....	56
13.8.	Bank reconciliations.....	56
13.9.	Operating with more than one bank account	57
13.10.	Treasury management	57
14.	Cash handling	57
14.1.	Petty cash	57
14.2.	Cash receipts	58
15.	Charge Cards and E-Procurement	59
15.1.	Managing the use of charge cards	59
15.2.	Reconciliation of charge cards.....	60

16.	Payroll.....	61
16.1.	New contracts.....	61
16.2.	Changes to contracts.....	61
16.3.	Claims for additional hours.....	62
16.4.	Staff absence.....	63
16.5.	Checking payroll reports.....	63
16.6.	Authorising payroll payments.....	64
16.7.	Processing payroll journals.....	65
16.8.	Staff severance and compensation payments.....	65
16.9.	Ex gratia payments.....	66
16.10.	Write-offs and entering into liabilities.....	66
17.	Fixed Assets.....	67
17.1.	Fixed Asset Purchases.....	67
17.2.	Fixed Asset Register.....	67
17.3.	Disposals.....	68
17.4.	Depreciation.....	68
18.	Stock.....	69
19.	Month end.....	69
19.1.	Reconciliation of control accounts.....	69
19.2.	VAT126 report.....	70
19.3.	Closing accounting periods.....	70
20.	Year end.....	70
20.1.	Running the year end process.....	70
20.2.	Reporting on balances.....	71
21.	Maintenance of the accounting system.....	71
21.1.	User access.....	71
21.2.	Security and back up of data.....	72
21.3.	Chart of accounts.....	72
22.	Taxation.....	73
22.1.	VAT.....	73
22.2.	Construction industry scheme (CIS).....	73
22.3.	P11Ds.....	74
22.4.	Corporation tax.....	74
23.	Record Keeping.....	75
23.1.	Reporting and approval of related party transactions.....	75
23.2.	Capital Management Plans.....	76
23.3.	Criteria for Allocation of School Condition Allocation.....	76
23.4.	Significant Capital Projects.....	77
	Appendix 1 Authorisation Limits.....	78
	Appendix 2: Glossary of Terms.....	82
	Appendix 3: Guidance for Trustees.....	83
	Appendix 4: Register of Business Interests.....	88
	Appendix 5: List of Governors.....	89
	Appendix 6: Authorised Signatories.....	90

1. Statement of Intent

It is important for the Mersey View Learning Trust (“the trust”) to demonstrate that they do not benefit personally from decisions they make in regard to the spending of public money. In order 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 of the trust, as well as services and goods sourced from external agencies, such as contractors and caterers.

The trust takes its responsibility of 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.

Business Ethics

It is important that the Trustees, Governors and staff not only act impartially but are also seen to act impartially. The Nolan Report in 1996 on standards in public life identified seven principles which should be applied. These are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. One way of demonstrating that the school is applying these principles is by a Register of Business Interests.

All governors and staff with financial responsibilities are to complete an annual Statement of Business Interests. This is regardless of whether they have authority to purchase or not. This is done to avoid any conflict of interest between an individual’s personal interest and those of the school. The Clerk to the Governors is to maintain a register of these statements. If any interest is expressed during the course of governor’s meetings, the details are to be recorded in the meeting’s minutes, and the governor (s) concerned should withdraw from the meeting. The Finance Manager is to view these statements annually.

Governors and Staff should not accept gifts and hospitality except in very limited circumstances. Even then, the recording of the receipt of gifts and hospitality should be recorded in the Register maintained by the Finance Manager. It is a criminal offence to accept money, gifts or hospitality in return for special favours.

School staff often receive presents from children at the end of the school year or Christmas and these are usually of low value. Items such as these are not meant to be included in the Register, nor are other items of low value such as calendars or diaries from suppliers.

The Nolan report also included recommendations on the often difficult issue of setting out clear mechanisms for dealing confidentially with allegations of malpractice (commonly know as *whistleblowing*).

2. Legal Framework

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

- The Employment Relations Act 1999
- Companies Act 2006
- Companies Act 1985
- Charities Act 2016
- The Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended).

This policy also has due regard to DfE guidance, including, but not limited to, the following:

- DfE 'Academies Trust handbook'
- DfE 'Academies financial assurance'.

This policy should be used in conjunction with the following school policies:

- Teachers' Pay Policy
- Support Staff Pay Policy
- Charging and Remissions Policy
- Investment Policy
- Conflicts of Interest Policy
- Tendering and Procurement Policy.

3. Key Contacts List

Trust contacts

Role	Name
Chair of Board of trustees	Jan Vicary
Chief Executive Officer	Ruth Baldwin
Chief Finance Officer	Sofia Palios (from 14 July 2025)
Chief Operations Officer	Mel Wright (acting CFO until 14 July 2025)
Finance Managers	Shaun Morrow

Academy contacts

Role	Name
Headteacher	
Deputy Headteacher	
School Business Manager	
Chair of Governors	
Chair of Finance & Audit Committee	Mr Stephen Cowperthwaite
Whistleblowing	Mr Stephen Cowperthwaite

4. Introduction

The purpose of this manual is to provide further instruction and guidance to trustees, Chairs of local governing bodies, finance committees, headteachers and academy finance staff within the trust, to ensure that the central trust and each academy within the trust maintains and develops systems of financial control which conform to the requirements of both propriety and good financial management.

It is essential that these financial accountability systems operate effectively to meet the requirements and needs of the Academy's funding agreement with the Secretary of State for Education (SoS), the Department for Education (DfE) and the Education Skills Funding Agency (ESFA).

The ESFA Academies Trust Handbook (ATH), is available on the ESFA website.

The ATH informs that the academy must apply the principles of financial management, control and governance, as well as role responsibility and audit. This manual expands on the ATH and provides some more detailed information on the Academy's accounting procedures and systems as it relates to the trust. All staff involved with financial accountability must read the ATH.

Included within an annex to the ATH is a schedule of requirements (the 'musts') that the trust and its constituent academies must have in place. The trustees, Chairs of local governing bodies, finance committees, headteachers and academy finance staff must be aware of the 'musts' and are responsible for ensuring that they are in place and operating effectively.

Effective governance results in clear public accountability for the performance of the trust and its constituent academies. Weak governance reduces accountability, removes checks and balances and denies the academy of a potentially valuable source of guidance.

The financial responsibilities of the local governing body, its committees, the Head and other staff are defined in this financial manual. This should allow the local governing body to ensure that adequate systems of financial control are in place, and that it receives the information it needs to carry out its role.

5. Governance

5.1. Role of members

- As stated in the ATH the trust is a charitable company limited by guarantee and has members who have a similar role to the shareholders of a company limited by shares. They:
 - Are the subscribers to the trust's memorandum of association (where they are founding members);
 - May amend the articles of association (the articles include a definition of the

trust's charitable objects and governance structure) subject to any restrictions in the articles or in the trust's funding agreement or charity law;

- May, by special resolution, appoint new members or remove existing members other than, where there is one, the foundation/sponsor body and any members it has appointed;
- Have powers to appoint trustees as set out in the articles of association and powers under the Companies Act 2006 to remove trustees;
- May, by special resolution, issue direction to the trustees to take a specific action;
- Appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act)
- Have power to change the company's and, ultimately, wind it up;
- The academy trust must have at least 3 members, although the Department's strong preference is that trusts should have at least five members. Having more members:
 - provides for a more diverse range of perspectives
 - ensures members can take decisions via special resolution without requiring unanimity;
- Members must not be employees of the trust, nor occupy staff establishment roles on an unpaid voluntary basis. This requirement is effective from 1 March 2021.

5.2. Role of the board of trustees

- As stated in the ATH the board of trustees of the trust have wide responsibilities under statute, regulations and the funding agreement as well as a wide discretion over its use of the trust's funds, which it must discharge reasonably and in a way that commands broad public support. Principally, it is responsible for:
 - Ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the ATH;
 - Ensuring clarity of vision, ethos and strategic direction
 - Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
 - Overseeing the financial performance of the organisation and making sure its money is well spent; and
 - The proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.
- Because the trusts is a company limited by guarantee and an exempt charity the board of trustees are subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure proper governance and conduct of the trust.
- The key requirements are reflected in the articles of association, the funding agreement, and the ATH.

- As recommended by the ESFA trustees should follow the guidance in the Governance Handbook which sets out principles of good governance and the legal duties applying to, and core role and strategic functions of, boards of trustees.
- Trustees must also be aware of the Charity Commission's guidance for trustees CC3: The Essential Trustee: What you Need to Know, what you need to do and should be aware of other guidance listed in Annex D of the ATH.
- The board of trustees must understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:
 - Act within their powers;
 - Promote the success of the company;
 - Exercise independent judgement;
 - Exercise reasonable care, skill and diligence;
 - Avoid conflicts of interest;
 - Not to accept benefits from third parties; and
 - Declare interest in proposed transactions or arrangements.
- The board of trustees 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 Governance Handbook identifies a range of training material to help trustees develop and engage fully with their role. This includes a competency framework for governance that trusts should refer to in determining whether they have skills gaps.
- The board of trustees must provide details of the academy trust's governance arrangements in the governance statement published within its annual accounts, and on its website. This includes its scheme of delegation for governance functions setting out what the board has delegated to its committees and, in the case of multi-academy trusts, to local governing bodies.
- Each year as part of the governance statement the board of trustees should include an assessment of the trust's governance, including a review of the composition of the board in terms of skills, effectiveness, leadership and impact. To help with this, trusts should refer to the six key features of effective governance set out in the Governance Handbook (strategic leadership, accountability, people, structures, compliance and evaluation).
- The funding agreement sets out additional specific responsibilities of the board of trustees.
- The board and its committees must meet regularly enough to discharge their

responsibilities under their articles of association, funding agreement, the ATH and this handbook, to ensure robust governance and effective financial management arrangements.

- Board meetings must take place at least three times a year (and business conducted only when quorate) although the trust may well consider it appropriate to meet more frequently.
- The board should identify the actions they need to accomplish during the year and this should inform the frequency of meetings.
- Whilst the board cannot delegate overall responsibility for the trust's funds, it must approve a written **Scheme of Delegation** of financial powers that maintains robust internal control arrangements.
- This written Scheme of Delegation must be reviewed on an annual basis as part of one of the board meetings and minuted.

5.3. Role of the Chief Executive Officer

The role of the Chief Executive Officer (CEO) is that of the Accounting Officer therefore refer to s5.4.

5.4. Role of the Accounting Officer

- In accordance with the ATH, the senior executive leader (principal or chief executive) must be appointed as accounting officer, under the guidance of the board of trustees.
- The accounting officer for the trust is the CEO as named within the Key Contacts List.
- The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the ESFA's accounting officer, for the financial resources under the trust's control and for assuring Parliament, and the public, of high standards of probity in the management of public funds, particularly:
 - **Value for money** – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources.
 - **Regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement, the ATH, this handbook and any supplementary policies and procedures – this includes spending public money for the purposes intended by Parliament.
 - **Propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control – this covers standards of conduct, behaviour and corporate governance.

- The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts.
- The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.
- The accounting officer is also responsible for ensuring that they have appropriate oversight of financial transactions within the trust, by:
 - Ensuring that all the trust's property and assets are under the control of the trustees, and measures are in place to prevent losses or misuse, including maintenance of fixed asset registers;
 - Ensuring that bank accounts, financial systems and financial records are operated by more than one person; and
 - Keeping full and accurate accounting records to support their annual accounts.
- The accounting officer must take personal responsibility (which must not be delegated) for assuring the board of trustees that there is compliance with the ATH and the funding agreement.
- The accounting officer must advise the board of trustees in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or this handbook.
- Similarly, the accounting officer must advise the board of trustees in writing if the board appears to be failing to act where required to do so by the terms and conditions of the ATH or funding agreement.
- Where the board of trustees is minded to proceed, despite the advice of the accounting officer, the accounting officer must consider the reasons the board of trustees gives for its decision. If, after considering those reasons the accounting officer still considers that the action proposed by the board of trustees is in breach of the articles, the funding agreement or the ATH, the accounting officer must notify ESFA's accounting officer immediately, and in writing.
- The ESFA will send a '**Dear Accounting Officer**' letter annually to the trust's accounting officers, covering issues pertinent to their role such as developments in the accountability framework and findings from ESFA's work with trusts. The accounting officer must share this letter with their members, trustees, chief financial officer and other members of the senior leadership team. They must also arrange for it to be discussed by the board of trustees and take action where appropriate to strengthen the trust's financial systems and controls.

5.5. Role of the Chief Finance Officer

- In accordance with the ATH the trust must have a chief financial officer (“CFO”) who has been appointed by the trust’s board.
- Whilst the trust’s accounting officer is accountable for the trust’s financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the trust’s detailed accounting processes will be delegated to the CFO.
- The CFO for the trust is the finance director (“CFO”) as named within the Key Contacts List and from this point forward within this document the CFO will be known as the CFO.
- The CFO plays both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.
- The CFO need not discharge all of their duties personally as the trust reserve the right to decide that its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time.

5.6. Role of the central trust

- The central trust is responsible for implementing the strategy, policies and procedures determined by the board of trustees whilst ensuring the trust is compliant with the relevant laws and regulations.
- The central trust is also there to support and guide the constituent academies and provide a range of services to assist with this responsibility.
- The central trust is responsible for the trust’s financial records and returns and its day-to-day operations. This financial responsibility is headed up by the CFO and supported by their team that form the central trust finance department.
- The central trust is not responsible for the day-to-day financial management or operations of its constituent academies as this is the responsibility of the LGB, headteacher and SBM or Central Trust Finance Manager unless an academies delegated powers have been withdrawn.

5.7. Role of the local governing board (LGB)

- The overall purpose of the LGB is to help the school to provide the best possible education for pupils. This involves, in particular:
 - a setting the school’s vision and strategic aims, ensuring these are aligned to the Trust’s vision and strategic aims, as well as agreeing school level plans and

policies, while making creative use of available resources;

- b monitoring and evaluating performance and acting as a critical friend to the Headteacher to support and challenge him in managing the school;
 - c ensuring that the school is accountable to the children and parents it serves, and to its local community and to those who fund and maintain it, as well as to the staff it employs.
- In all they do, the LGB needs to focus on their strategic role and on how they can support the school to raise standards. Good governance can make an impact in the classroom and standards of attainment, the quality of teaching and pupil behaviour are all likely to be better than in schools where governance is weak.
 - Those governing bodies that do best in providing localised leadership combine a high degree of challenge with high levels of support; they act as a 'critical friend' to the Headteacher and senior management team while remaining aligned to the Trust's aims and objectives.
 - The LGB recognises that it would be impractical to undertake all the day to day activities itself in discharging its responsibilities and it is necessary to delegate some of its functions to the Headteacher.

The LGB undertakes a regular review of the academy budget and is required to review an annual budget plan and agree same with the Central Trust Finance Team. The Central Trust have ultimate responsibility to approve individual academy budgets.

- The LGB is responsible for ensuring that accurate accounting records are maintained by the academy and that procedures set out within this financial handbook are adhered to by all academy staff. It is expected that the day-to-day responsibility for ensuring this is delegated to the headteacher who must provide adequate assurance to the LGB that this responsibility is being met.
- LGBs are not under a direct duty to secure best value but the Trust requires the LGB to demonstrate, in their annual budget plan, that they have followed best value principles in drawing up that plan.
- By virtue of Section 50(7) of the School Standards and Framework Act 1998, governors of the LGB do not incur any personal liability in respect of anything done in good faith in exercising their power to spend the academy budget, or delegating that power to the Headteacher.
- The LGB can delegate any of its statutory functions to a governor or the Headteacher, although functions relating to the approval of the first formal budget plan of the financial year cannot be delegated to an individual.

- In fulfilling their broader role in relation to School improvement, the LGB will need to take a strategic view how the academy development plan (ADP) impacts the academy's finances. In doing so there are a range of additional aspects that LGBs must consider including:
 - Forward **planning** - taking a 3-year view on the likely impact of the academy development on the academy's finances over the coming 3 years.
 - **Sources of capital funding** - funding to assist with the development of the infrastructure of the academy (e.g. costs of new buildings, significant repairs, capital equipment such as IT equipment)
 - **Sources of revenue funding** - funding to assist with the day-to-day running costs of the academy (e.g. costs of staff, training, consumables, teaching resources, utilities etc.)
- A list of the various LGB Committees and their terms of reference are included in the appendices of this Financial Handbook.
- All financial returns submitted to the trust must be approved by the LGB and the finance committee, if responsibility has been delegated to that committee. These returns must be signed by the Chair of the LGB and the headteacher of the academy.
- The LGB is responsible for ensuring that these requirements are implemented by making sure that the headteacher produces copies of the documentation, with their signature at the finance committee and LGB meetings.
- It is the headteacher that has ultimate executive responsibility to the LGB for the financial management of the academy.

5.8. Role of the headteacher

- The role of the headteacher (also relates to executive headteacher and principal) includes:
 - The management of the academy financial position at an operational level;
 - The management and supervision of effective systems of internal control;
 - Ensuring appropriate approvals in place from the central Trust for key decision (for example, recruitment, approval to move funds between budget headings);
 - The management of other financial issues as applicable that may be delegated by the Trust from time to time.
- Where the academy has a Head of School, deputy or assistant headteacher their financial responsibilities include:
 - Deputising in the headteachers absence.

5.9. Role of the School Business Manager or equivalent

- The School Business Manager (“SBM or Central Trust Finance Manager”) is principally responsible:
 - For the provision of financial advice to the LGB and headteacher;
 - For the implementation of the procedures set out within this financial handbook and any supplementary policies and procedures;
 - For the preparation and maintenance of the accounting system, reports and records as may be required by the LGB and the trust; and
 - To the headteacher for the day-to-day financial responsibility of the academy finances.
- The SBM or Central Trust Finance Manager can be one of the following:
 - A member of the school staff;
 - A specific individual in that post;
 - A brought in provider.
- The LGB must ensure that whoever takes on this role:
 - Is suitably qualified and experienced;
 - Has sufficient resources to carry out the function;
 - Has time in which to effectively discharge their financial responsibilities.
- Where the LGB believe that further support for the SBM or Central Trust Finance Manager role is required this may be purchased or brokered from another academy or an external provider. Some of the more detailed areas of responsibilities that are part of the role which will assist the LGB in making their assessment on whether further support is require are:
 - Supervision and production of financial management reports to the SLT, LGB and the trust in agreed format to agreed deadlines;
 - Reconciliation of bank, VAT and supplier account;
 - All planning matters will be assumed by the headteacher and SLT but will be implemented by the SBM or Central Trust Finance Manager working under the full supervision of the SLT who has delegated authority from the Finance, Staffing and Premises Committee;
 - In collaboration with the headteacher, will undertake the preparation of out-line specifications for new premises, obtain tenders, planning permissions and liaise with the academy’s architects.

5.10. Key Financial Decisions

- Minutes of the full LGB and the various committee meetings must be kept in the academy office. These minutes make reference to decisions made by the LGB and include those that have financial implications.
- Ratified minutes of the full LGB and the various committee meetings that are public are available for viewing by non-governors. Any confidential matters that have been discussed are not included in the public copies. These minutes are kept in the academy office. The minutes make reference to decisions made by the LGB and include those that have financial implications.
- The trust recommends the appointment of a Responsible Governor. The Responsible Governor is appointed by the LGB and provides governors with an independent oversight of the Academy's financial affairs. The Responsible Governor may delegate some of the detailed checking to an external contractor (Responsible Officer) who submits reports to the Responsible Governor and Finance and Premises Committee.
- The Responsible Officer will be a non-employee with an appropriate level of qualifications and/or experience, and who neither charge, nor is paid by the academy or the trust for their work. The appointment of a Responsible Officer is not mandatory but is one way that the trust is able to conduct their internal checks.
- The Responsible Officer should advise, but must not be a member of, the Finance and Premises or Audit Committee
- The main duties of the Responsible Officer are to provide the LGB with independent assurance that:
 - The financial responsibilities of the LGB are being properly discharged;
 - Resources are being managed in an efficient, economical and effective manner;
 - Sound systems of internal financial control are being maintained; and
 - Financial considerations are fully taken into account in reaching decisions.

5.11. Declaration of Governor Interests

- A register of business and personal interests is maintained for the members, trustees, all governors of LGB's, headteachers and all staff members. It is freely available for inspection by governors, staff and parents.
- The trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a multi-academy trust and senior employees, including:
 - Directorships, partnerships and employments with businesses;
 - Trusteeships and governorships at other educational institutions and charities;

- and
 - For each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.
- The register must identify any relevant material interests arising from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. 'Close family relationships' is defined in the ATH.
- As defined by the ATH, a connected party is:
 - Any member, trustee, or local governor of the trust;
 - Any individual or organisation connected to a member, trustee or local governor of the academy trust. For these purposes the following persons are connected to a member, or trustee:
 - A relative of the member or trustee. A relative is 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 carrying on 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% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company; and
 - 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). For these purposes 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 that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or anybody related to such individual or organization; and
 - Any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or anybody related to such individual or organisation.
- The register is kept up to date and complete, and includes all governors and relevant staff. In this regard, each governor and member of staff provides signed and dated returns, including nil returns, on an annual basis. On the appointment or election of new Governors the Clerk will invite them to register their interest and cancel and sign the entry of the retiring governor.
- In addition, there are in-year declaration procedures to enable Governors, the Exec Head/Head Teacher and staff to declare interests as they become aware of them.

“Declarations of Personal and Business Interests” should be a standing agenda item for the Governing Body and Committee meetings.

5.12. Security and data protection

- Each LGB at academy level and the CFO at central trust level are responsible for ensuring that effective arrangements are made relating to maintaining proper security arrangements at all times for all buildings, plant, vehicles, stocks, stores, furniture, equipment, cash, cheques, personnel/pupils and financial records etc. under its control. Where security is thought to be defective or it is considered that special security arrangements may be required, these must be made known to the CFO without delay.
- Maximum limits for cash holdings must not be exceeded without the permission of the CFO.
- Keys to safes and similar secure places of storage are to be carried on the person of those responsible at all times; the loss of any such keys must be reported to the CFO immediately.
- The board of trustees have ultimate responsibility for ensuring that the trust complies with data protection legislation although it is expected that the operational responsibility would be delegated to a named individual, known as the **Data Protection Officer** (“DPO”), of the central trust team. Where responsibility is delegated this must be recorded in the minutes of the relevant meeting of the board of trustees.
- The DPO, and ultimately the board of trustees are responsible for ensuring that the appropriate guidance and training is given to LGBs and all trust staff in respect of their data protection responsibility.
- Each LGB is responsible for maintaining proper security and privacy in accordance with data protection legislation with regard to the information held both electronically and on paper records and documents. They are also responsible for ensuring that academy staff have been adequately trained in their data protection responsibilities. It is expected that this responsibility would be delegated to the headteacher of each academy at an operational level who would then report back to the LGB.
- Where there are deemed to be any breaches in data protection these must be reported to the DPO within 24 hours by the headteacher of the academy. The DPO is responsible for deciding the appropriate course of action and for informing the board of trustees as soon as is practical.

5.13. Attendance of trust employees at academy meetings

- The CEO, CFO, or authorised representative, reserve the right to attend any meetings of an LGB. Prior notice of such attendance will be given by no later than 5 days before the meeting is due to take place unless it is impracticable to do so.

5.14. Challenge of academy financial performance

- The trust has a duty to ensure the effective management of resources by its constituent academies. To this end, academies may be required to submit returns as specified by the trust for this purpose in addition to the monthly reporting pack (see s4.9). All submissions required by the trust should be completed in a timely and accurate manner. The trust has a duty to challenge the financial performance of its constituent academies and will monitor and check the monthly reporting pack submitted by each of its constituent academies as part of the challenge process. This monitoring will be performed by the CFO and the central trust finance department.
- Where the academy's financial performance gives cause for concern, the academy will be required to attend a financial review meeting with the trust, to work in collaboration to review the reasons for concern and agree a way forward.
- The following reasons, although not an exhaustive list, are deemed to give an indication that the academies financial position looks fragile or there is evidence of weak financial management:
 - Having a deficit budget;
 - Applying for consecutive licensed deficits;
 - Receiving a poor internal audit review;
 - The monthly reporting pack is either not returned or gives cause for concern;
 - Requiring cash flow loan
 - Late payment of invoices
 - Late/non- submission of key reports
 - The maintenance of a high level of uncommitted / unsupported surplus balance
 - Appointment of staff without prior approval from the central Trust
 - Approving alterations to staff terms and conditions without prior approval from the central Trust.
- The CFO will review and monitor all financial records continuously throughout the year.
- The SBM or Central Trust Finance Manager of each academy will review and monitor each individual academy's financial records, raising any concerns with the CFO.

5.15. Completion of ESFA annual returns

- It is the responsibility of the CFO to ensure that all of the required ESFA returns are submitted by the required deadline.
- To ensure this responsibility is met the CFO will establish a timetable, which allows sufficient time for the approval process and ensures that the submission date is met. This timetable will be communicated to the Chair of the LGB, headteacher and SBM or Central Trust Finance Manager of each of the trust's constituent academies.
- This communication will also outline the responsibilities of each academy and those of the central trust in compiling the relevant information required for the completion of the return.

5.16. Variations to the financial handbook and policies

- The board of trustees, under the guidance of the CFO, may at any time revise and at least on an annual basis, will review and alter the rules and procedures set out within this financial handbook where applicable.
- Once the changes have been approved by the board of trustees, the trust will give academies at least 28 days' notice of any changes. This notice will be provided by the CFO to the headteacher and Chair of the LGB of each academy.

5.17. The governance professional (clerk to the board)

- The trust have appointed a governance professional to support the board of trustees, who is someone other than a trustee, principal or chief executive of the trust.
- The trust provides details of its governance arrangements in the governance statement published with its annual accounts, including what the board has delegated to committees and to local governing bodies.

6. Internal Scrutiny

Purpose of internal scrutiny

- All academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.
- Internal scrutiny **must** focus on:
 - Evaluating the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are designed effectively and efficiently, and checking whether agreed procedures have been followed;

- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management for day to day running of the trust;
- Ensuring all categories of risk are being adequately identified, reported and managed;
- The trust must identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed;
- Internal scrutiny should take account of output from other assurance procedures to inform the programme of work. For example, it should have regard to recommendations from the trust's external auditors as described in their management letter, and from relevant reviews undertaken by ESFA;
- Independence in internal scrutiny must be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board, which in turn provides assurance to the trustees;
- The academy trust must establish an audit and risk committee, appointed by the board;
- The audit and risk committee should meet at least three times a year.
- The audit and risk committee **must**:
 - Direct the trust's programme of internal scrutiny;
 - Ensure that risks are being addressed appropriately through internal scrutiny;
 - Report to the board on the adequacy of internal control framework, including financial and non-financial controls and management of risks;
 - Internal scrutiny must extend to the financial and non-financial controls and risks at constituent academies;
 - Internal scrutiny is conducted by someone suitably qualified and experienced and able to draw on technical expertise as required be covered by a scheme of work, driven and agreed by the audit and risk committee;
 - Informed by risk be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time include regular updates to the audit and risk committee by the person(s) or organisation(s) carrying out the programme of work;

- Incorporating: a report of the work to each audit and risk committee meeting, including recommendations where appropriate to enhance financial and non-financial controls and risk management;
- An annual summary report to the audit and risk committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress. scrutiny of academy trusts, ESFA considers that the term internal scrutiny should be viewed in the same way as internal audit.

7. External Audit

7.1. Scope

- In terms of the end of year audit, in accordance with the Companies Act 2006, the members of the trust will:
 - Appoint an external auditor to certify whether the accounts present a true view of the trust's financial performance and position and to produce a set of audited financial statements.
- The CFO is responsible for sourcing and assessing appropriate external auditors for this year-end audit, the audit of the ESFA's Annual Accounts Return and the Teachers' Pension audit. It is expected the same external auditor will be used for all three requirements and the CFO will provide a recommendation to enable the members to make an informed decision in relation to which external auditor to appoint.
- The trust is responsible for ensuring that:
 - A letter of engagement is produced, purchasing the external auditor's services in writing;
 - The letter of engagement provides for the removal of auditors, before the expiry of the term of office, in exceptional circumstances.
- The trust will produce a statement of regularity, propriety and compliance, and will obtain a regularity assurance report on this statement from the external auditor.
- The auditor's statement on regularity, propriety and compliance will be included in the trust's annual report. This formal declaration is to ensure that the trust has fulfilled the following responsibilities:
 - Efficient and effective use of resources in the trust's charge;
 - Public money is spent only for the purposes intended by Parliament; and
 - Maintained appropriate standards of conduct, behavior and corporate governance when applying the funds under their control.

- The external auditor has a responsibility to advise the board of trustees and ESFA of any instances of irregularity or impropriety, as well as any non-compliance with the terms of the trust's funding agreement.
- When a Local Authority controlled school converts to become an academy any 'school fund/private fund' balances will be brought into the accounts of the Multi Academy Trust on conversion. The Multi Academy Trust as a whole will be subject to a full statutory audit. Any requirement for a stand-alone report on the school fund will not be required. School fund bank accounts will be closed following conversion and any balance brought in to the academy fund balances. However, balances received from school fund accounts can be monitored and have transactions recorded through the Multi Academy Trust finance software to provide opportunities to utilise funds for specific purposes.

7.2. Timetable

- During July, the appointed external auditor will start their preparative work on the annual financial statements.
- During the autumn term the external auditors will conduct both on-site and remote testing across the central trust and its constituent academies.
- During December, the appointed external auditors will present their audit findings to the CFO. Following this meeting and subject to any changes, the external auditors will then present the board of trustees with the annual financial statements for them to review and approve.
- Once the annual financial statements have been approved by the board of trustees the CFO is responsible for communicating the audit findings to the headteacher and SBM or Central Trust Finance Manager of each academy and agreeing an action plan to resolve any weaknesses identified.
- The CFO will report back, on a regular basis, to the board of trustees or a sub-committee on the progress of this action plan.
- It is the responsibility of the headteacher to inform their LGB of the points raised from the external audit at the next LGB meeting.
- The CFO is responsible for submitting the signed audited financial statements and the auditor's regularity assurance report to the ESFA by the deadline of 31st December each year.
- The CFO is responsible for ensuring that the latest set of audited financial statements are published on the trust's website by 31st January each year.
- The trust is required to submit financial returns to the ESFA annually, as well as the audited financial statements. The National Audit Office (NAO) holds the right to access

the book of accounts and all relevant records, files and reports of the trust for inspection, or for the carrying out of value for money studies.

7.3. Responsibilities

- The CFO is responsible for ensuring that the external auditors have access to all books, records, information, explanations, assets and premises. Copies of any relevant documents may be taken by the external auditors. It is expected that the SBM or Central Trust Finance Manager of each academy will play a significant role in supporting the CFO in the fulfilment of this responsibility.
- The CFO is responsible for agreeing a workable timeframe with the external auditors for the year-end audit and communicating this timeframe to the headteacher and SBM or Central Trust Finance Manager of each academy along with any other individuals as deemed necessary.
- Although the CFO is ultimately responsible for ensuring an efficient year-end audit process it is the responsibility of the SBM or Central Trust Finance Manager at each academy to assist the CFO in fulfilling this responsibility by whatever means are deemed necessary.
- The financial statements of each trust across England are also consolidated into those of the ESFA and DfE. The ESFA will use a combination of audited financial statements, accounts returns and other information to generate the consolidated accounts. These accounts will be audited by NAO. Each trust and its constituent academies are a component of the consolidation and, therefore, the CFO is responsible for submitting financial information requested by the ESFA for this purpose.
- It is the responsibility of the CFO to assess and manage the performance of the external auditor and to communicate any concerns to the board of trustees where applicable.

8. Financial Management

8.1. Basis of accounting

- Unless otherwise requested by the trust, each academy and the central trust should records transactions in accordance with the accruals concept.
- Accrual accounting is an accounting method that measures the performance of the Academy by recognising financial transactions regardless of when the cash transaction occurs.
- It is recommended good practice to profile the academy budget. A profile is the planned expenditure pattern over the year and will take into account that not all budget headings are spent in equal monthly amounts.

- It is the responsibility of the SBM or Central Trust Finance Manager of each academy, with the support and guidance from the central trust finance team, to ensure that their academy's Financial records must reflect:
 - The cost of goods and services when the benefit has been consumed, not when the cash has been expended; and
 - The receipt of income when the organisation is entitled to it – not when the cash has been received.

8.2. Use of restricted funds

- As previously stated, the trusts is a charity and therefore subject to certain rules and regulations which includes fund accounting.
- Fund accounting is an accounting system for recording resources whose use has been limited (commonly known as restricted) by the donor, grant authority, governing agency, or other individuals or organisation's or by law. It therefore emphasising accountability rather than profitability and is used by Nonprofit organizations such as academies.
- The key aspect of fund accounting is identifying whether a source of income has a restriction attached to it which determines how it can be spent. Sports/PE funding is a prime example of a restricted grant and the majority of grant income whether it's from the ESFA, local authority or another source tend to be restricted income.
- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at trust level to identify whether a source of income has restrictions attached and report such restrictions to the headteacher and LGB or CEO and board of trustees.
- It is the responsibility of the headteacher and LGB at the academy level and the CEO and CFO at central trust level to decide how these sources of income are to be spent. It is expected that this will form part of the budget setting process and documented in the relevant minutes. They are also responsible for ensuring that they receive and review the appropriate financial information to enable them to monitor how these funds are spent.
- The SBM or Central Trust Finance Manager at academy level and the CFO at trust level are responsible for ensuring that expenditure against that source of income and be easily identifiable from the financial system. It is recommended that a department structure within the accounting system is used to achieve this. For example, Sports/PE funding has its own department where the grant income and all relevant expenditure can be posted to achieving a sub-income and expenditure account for that source of income.

CHAPTER 2 – FINANCIAL PLANNING

9. The Budget

- The central Trust will set the budget for each academy which will be informed by LGBs and discussions with the headteacher.
- The Headteacher has been delegated the authority to move funds between budget headings with prior written approval from the Trust Finance Team.
- Budgets are the financial translation of the School Development/Improvement Plan (“SDP”).
- Estimates of expenditure and indicative budget allocations should be prepared sufficiently in advance of the new financial year to allow the LGB to consider the plans and ensure that the priorities in the SDP are addressed. It is recommended that budget planning take place in the Summer Term ready for September.
- Academies must set a budget that does not result in a deficit. If an academy sets an in- year deficit, which is covered by previous year’s funds, this should be highlighted upon approval by the LGB and be advised to the CFO by the headteacher of the academy.
- If an academy needs to set a budget which results in an overall deficit, then prior approval must be obtained from CFO, with an accompanying five year plan which shows the deficit recovered within the next financial year, with a detailed justification for such plan. The CFO will consult with the CEO other central trust employees on the acceptance of such a budget and plan. The LGB cannot approve the budget until such agreement has been reached with the CFO.
- Factors to consider when looking at the school’s budget plan are:
 - Pupil number forecasts;
 - Curriculum requirements;
 - Staffing requirements;
 - Other resource requirements (e.g. heating, lighting, insurance);
 - Past performance;
 - SLA and contracts; and
 - ESFA Funding Agreement.
- Once the academy has an idea of its needs, budgets can start to be prepared and developed. Development of the budget will include:
 - Estimating income and expenditure;
 - Evaluating options and looking at various scenarios;
 - Finalising the budget; and

- Monitoring and reviewing the budget.
- Income can be one of the most difficult areas of the budget to estimate. In preparing for a future year's budget academies should have a best estimate of pupil numbers. Areas to be aware of when predicting income are:
 - Any balances that will carry forward into the new financial year;
 - Any non-delegated income (i.e. bank account interest, funding for courses, lettings);
 - Changes to the funding formula; and
 - Changes in allocations from new or existing grants.
- Expenditure should be broken down into the various expenditure account reporting category headings.
- The largest area of expenditure will be staffing. You must ensure that you allocate funds for increments, pay awards, employee on-costs, staff changes and vacancies.
- Academies should work through each of the CFR headings allocating expenditure, using previous years as a guide. Always bear in mind the effect of inflation when setting the budget.
- It is prudent and good practice to include a contingency in the budget. This will aid the academy in dealing with any unexpected payments through the year. The contingency can be used near the end of the financial year if required.

9.1. Finalising the Budget

- The ESFA will inform academies of their budget allocation in May (historically received in advance of this date) prior to the start of the new financial year commencing 1st September each year.
- The Chair of the LGB for each academy must inform the CFO by the 28th February of the proposed LGB meeting date for approving their academy's budget. The CFO is responsible for ensuring that this date fits in with the timeframe to report the approved academy and trust budget to the board of trustees and the ultimate submission to the ESFA by the 30th July deadline.
- Once different scenarios and options have been considered a draft version of the budget must be prepared and presented to the LGB for approval and finalisation. The approval of the budget by the LGB must be minuted and a copy of the budget filed along with the minutes.
- After the LGB has approved the budget, a copy of the approved budget which has been signed and dated by the Chair of the LGB must be forwarded to the CFO.

- The CFO is responsible for preparing the individual school budgets and the consolidated trust budget for approval by the board of trustees in sufficient time to ensure that the overall trust budget is filed with the ESFA by 30th July deadline. This ensures compliance with the ATH.
- The board of trustees **must** approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board **must** minute its approval.
- The academy trust **must** submit to ESFA, in a form specified by ESFA:
 - a 3-year budget forecast return by 30 July.
- These **must** be approved by the trustees before submission. ESFA has produced guidance on both returns.
- The board of trustees, and any separate committee responsible for finance, **must** ensure rigour and scrutiny in budget management.
- Budget **setting** – The board **must** ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and are reflective of lessons learned from previous years. It should challenge pupil number estimates as these will underpin revenue projections.
- Once approved the budget must be communicated by the CFO and headteachers to all the various budget holders within the academy so that everyone is aware of the overall targets and their part in helping to achieve them.
- The budget is a working document and may be revised, reapproved by the LGB and resubmitted to board of trustees via the CFO. There is currently no requirement to submit a revised budget to the ESFA.

9.2. Receiving Your Budget

- The budget will be paid to each academy in monthly cash advances from the trust. Payment to Academies will be made in 12 equal payments as set out in your funding agreement and this will usually be the 2nd of each month.
- The trust will retain 6% of the General Annual Grant (“GAG”) allocation each month to pay for central services.
- Any other government grants are paid to academies once the trust has received payment from the ESFA.

9.3. Capital Expenditure

- Devolved Formula capital (“DFC”) gives academies direct funding to help support the capital needs of their buildings. In general, this funding should be invested in the priorities agreed locally and identified in the local Estates/Asset Management Plan. It can be rolled forward for up to 3 years to enable larger projects to be planned. This allocation is usually sent to academies from the ESFA in June each year.
- DFC can also be spent on ICT equipment. It is entirely up to each academy to decide what proportion of their DFC grant should be spent on ICT.
- Following the end of the financial year any unspent monies will be carried forward to the new financial year.

9.4. Multi-year budget planning

- The ESFA recommend that medium, being one to three years and long term, being one to five years planning should be undertaken.
- The trust requires all academies and the central trust to prepare medium term as a bare minimum being the current year plus two further years. Budgeting software has been provided and expected to be used to facilitate this process.
- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the finance team at central trust level to prepare these multi-year budget plans although it is expected that the headteacher and CEO will also be involved as applicable.
- Once different scenarios and options have been considered a draft version of the multi-year budget must be prepared and presented to the LGB for approval and finalisation. The approval of the budget by the LGB must be minuted and a copy of the multi-year budget filed along with the minutes.
- After the LGB has approved the multi-year budget a copy of the approved multi-year budget which has been signed and dated by the Chair of the LGB must be forwarded to the CFO.
- The CFO is responsible for preparing the consolidated multi-year trust budget for approval by the board of trustees.
- The multi-year budget planning process will be completed by the 31st July each year and it is the responsibility of the CFO to establish a timetable to ensure that this deadline is met, which allows sufficient time for the preparation, approval and submission. This timetable will be communicated to the Chair of the LGB, headteacher and SBM or Central Trust Finance Manager of each of the trust’s constituent academies.

9.5. Cash flow forecasting

- Each academy and the central trust manage their own bank accounts and the headteacher at academy level and the CFO at central trust level are ultimately responsible for ensuring that there is sufficient cash within the bank account to cover relevant expenditure.
- It is expected that the day-to-day management of the bank accounts will be delegated to the SBM or Central Trust Finance Manager at academy level. The trust has provided a **Cash Flow Template** to assist with the management of the bank accounts.
- The trust has no overdraft facilities in place as this is prohibited by the ATH and therefore the trust and its constituent academies must not be overdrawn on any of their bank accounts.
- Where an academy forecasts that it will be entering into an overdrawn position in the near future (less than 6 months) the headteacher must communicate this to the CFO along with a copy of the completed **Cash Flow Template**.
- The CFO, who may decide to consult with the CEO and board of trustees, will decide upon the next course of action.

9.6. Financial reporting – operational level

- The accounting software used by the trust can be used to produce a range of reports to assist with the financial reporting process.
- The trust has created a Monthly Reporting Pack (“MRP”) template that must be used and completed by each academy and the central trust on a monthly basis. The key elements of this MRP are:
 - Reconciliation of control accounts
 - Reconciliation of key income and expenditure categories;
 - Budget monitoring including a forecast position as at the end of the current financial year and
 - Cash flow forecast.
- Monthly budget monitoring in academies must be carried out by the SBM or Central Trust Finance Manager at academy level and the finance department at central trust level to identify significant variances from the budget submitted and approved by the LGB and the trust.
- Whether a variance from the budget is significant will depend on the size of the budget allocation. For example, a large overspend on teaching staff would be more significant than a £200 overspend on administrative supplies. It is therefore expected that a

degree of materiality will be applied when commentating on budget variance, with not all variances being explained due to them being deemed as immaterial. The trust recommend a tolerance limit for investigating variances against budget lines of anything above £1,000 or 5% of the budget, whichever is smaller.

- Because the monitoring of the budget should be a continuous process throughout the financial year it is essential that the academies accounting system be kept up to date in order to provide the relevant stakeholders a reliable source of financial information. It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to ensure this is the case.
- At academy level, the MRP for the prior month must be presented by the SBM or Central Trust Finance Manager to the headteacher by no later than the 20th of the following month (e.g. MRP for June to be presented and discussed with the headteacher by 20th July). A summary of the discussion should be documented. The central Trust will ensure that the monthly monitoring report is made available in each schools' secure electronic folder. For the central trust level reporting refer to s9.9.
- If budget accounts are delegated to departmental level the headteacher must ensure that a senior member of the department is held responsible for the financial control of that budget. Any budget holders must receive regular reports comparing actual and committed expenditure against the budget allocation although the frequency of these reports are to be determined by the headteacher at each academy.

9.7. Benchmarking

- Benchmarking is a systematic process for comparing performance or processes in different schools in order to learn how to do things better.
- Financial benchmarking can provide evidence that the schools within the Trust could use for further detailed investigation to see if it may be possible to do things better, improve efficiency or reduce costs.
- There are a number of sources for benchmarking data particularly the DfE Schools Financial Benchmarking website.
- The above website is very comprehensive but does rely on finding other schools with a comparable footprint to make useful comparisons.
- The Finance Committee will hold an annual Q & A session on benchmarking once a year as part of the school's commitment to the Value for Money Statement to allow Trustees the opportunity to discuss the schools' financial and educational outcomes.

9.8. Financial reporting – LGB

- Regular budget monitoring reports should be submitted to the LGB and the Finance Committee.
- Schools must prepare management accounts every month setting out its financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors. Managers must take appropriate action to ensure ongoing viability.
- It is advised that reports to the Finance Committee carry sufficient detail for spending decisions to be made and it is expected that the MRP will provide the necessary level of assurance. Summary reports may be more useful for full LGB meeting.
- It is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, to ensure that the information the governing body receives is relevant, timely, reliable and understandable.
- The trust has a separate **Reserves Policy** which stipulates the recommended level of reserves to be held by its constituent academies. It is the responsibility of the LGB to be aware of these recommended levels and to monitor the academy's performance against these levels as part of the review of the MRP or summary reports. Such discussions must be noted in the minutes of the meeting.

9.9. Financial reporting – central trust

- The SBM or Central Trust Finance Manager at academy level is responsible for submitting the MRP for the prior month with a copy of the summary of any discussion in electronic format to the CFO by no later than the 20th of the following month (e.g. MRP for June to be submitted to the CFO by 20th July).
- The CFO, supported by the central trust finance department, are responsible for reviewing each academy's information and preparing the MRP for the central trust. They will also then prepare a MRP for the consolidated trust position.
- At central trust level, the MRP for central trust and the consolidated trust position the prior month must be presented by the CFO to the CEO by no later than the 30th of the following month (e.g. MRP for June to be presented and discussed with the CEO by 30th July). A summary of the discussion must be documented, signed and dated by both the CFO and the CEO.
- The trust board and/or designated committee will receive MRP and associated reports for each academy on a monthly basis.
- The trust **must** select key financial performance indicators and measure its

performance against them regularly, including analysis in its annual trustees' report as explained in the Accounts Direction.

9.10. Financial reporting – board of trustees

- In accordance with the ATH, the trust must submit relevant information to enable the board of trustees to obtain assurance over the financial management and governance of the trust.
- The trust must prepare management accounts every month setting out its financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors. Managers must take appropriate action to ensure ongoing viability.
- Management accounts must also be shared with the chair of trustees every month irrespective of the size of the trust, and with the other trustees six times a year. The board must consider these when it meets. The board must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.
- To achieve this, the CEO, supported by the CFO, will submit and discuss the MRP for the consolidated trust position.
- It is the responsibility of the CEO, supported by the CFO, to ensure that the information the governing body receives is relevant, timely, reliable and understandable.

9.11. Borrowing

- In accordance with the ATH, the trust may borrow money only with the written permission of the Secretary of State. The Secretary's general position is that academies will only be granted permission in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Academies are allowed to use any scheme that the Secretary of State has said is available to academies without specific approval.
- To ensure the trust complies with the ATH, an academy or the central trust must not enter into any borrowing arrangement without the prior approval of the board of trustees.
- Where an academy or the central trust believe they require such an arrangement a proposal must be submitted to the board of trustees by:
 - The headteacher and signed by the Chair of the LGB at academy level; or
 - The CFO and signed by the CEO at central trust level.

- This proposal must justify why such an arrangement is required and the full terms and conditions of the proposed arrangement.
- The board of trustees are responsible for obtaining prior approval from the Secretary of State before the trust can enter into any borrowing arrangements except for those schemes that the Secretary of State has said is available to academies without specific approval.

9.12. Register of gifts and hospitality

- It is the responsibility of the central Trust to draw up and review a policy in respect of gifts and hospitality including the requirement for the academy to keep a register of any gifts and hospitality.
- At academy level, it is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, to ensure that this register is kept up to date and submitted to the central Trust on a regular basis and as and when requested.
- At central trust level, it is the responsibility of the board of trustees to draw up and review such a policy whilst it is the responsibility of the CFO to ensure that this register is kept up to date and submitted to the board of trustees on a regular basis.

9.13. Fraud

- In accordance with the ATH s6.11 the trust does not tolerate fraud. Where instances of fraud are found the Accounting Officer and CFO must be notified immediately.
- It is the responsibility of the CEO to notify the board of trustees and the ESFA of any instances of fraud.

9.14. Right of access to information

- Where requests are received for the right of access to information, it is the responsibility of:
 - The headteacher, supported by the SBM or Central Trust Finance Manager, at academy level; or
 - The CFO at central trust level;

To respond to such requests in an efficient and timely manner.

9.15. Publications on web site

- It is the responsibility of the CFO to ensure that the trust web site contains the most up to date financial information and governance documents as required by law and

regulations.

- Where required the CFO will request information from each academy to fulfill this responsibility and it is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, to respond in an efficient and timely manner.
- At academy level, it is the responsibility of the headteacher, support by the SBM or Central Trust Finance Manager, to ensure that the academy web site contains the most up to date financial information and governance documents as required by law and regulations.

9.16. Central record of contracts

- It is the responsibility of the CFO to ensure that the trust has a central record of contracts and that this is updated on a regular basis.
- Where required the CFO will request information from each academy to fulfill this responsibility and it is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, to respond in an efficient and timely manner.
- At academy level, it is the responsibility of the headteacher, support by the SBM or Central Trust Finance Manager, to ensure that the academy has a record of contracts and that this is updated on a regular basis.

9.17. Charges and remission policy

- It is the responsibility of each LGB to draw up and review a policy in respect of remission and charges arrangements for their academy however, it must be accordance with the trusts **Charging and Remissions Policy** at all times.
- This policy should be made available to parents/guardians and incorporate:
 - Academies must provide free education for their registered students, provided it takes place wholly or mainly during school hours;
 - Academy hours are those when a school is actually in session, not including mid-day break;
 - The main exception is that a charge may be made for individual musical tuition, except where it is within the requirements of the National Curriculum;
 - Under certain circumstances a third party may charge parents direct for activities organised in school hours;
 - 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 religious education when only charges for board, lodging or residential trips can be made;
 - Governors can choose to remit charges in whole or part;
 - Charges must be remitted for board and lodgings to students whose parents

receive income support or family credit, if the activity takes place during the school hours or is covered by the criteria relating to national curriculum or religious provision; and

- Voluntary contributions may be requested for any activity provided it is clear that there is no obligation to contribute and that there will be no differentiations between those who contribute and those who do not.
- SBM or Central Trust Finance Manager is responsible for ensuring that the correct invoices are sent to parents/carers and that payment is received.
- The finance committee will review the **Charging and Remissions Policy** annually, seeking advice from the finance director where necessary.

9.18. Insurance

- It is the responsibility of the board of trustees to ensure that all risks of the trust are reviewed annually and a risk register is maintained and updated on a regular basis.
- It is the responsibility of the LGB at academy level to reviews all risks annually and report these back to the board of trustees. This review can be performed in conjunction with the trust where appropriate, to ensure that the sums insured are commensurate with the risks.
- All academies have purchased the RPA scheme run by the Government and payment for this service is taken direct from the ESFA allocation each month. The LGB must consider whether to insure risks not covered by the RPA and the cost of such premiums must be met from the academy's own budget.
- The trust and its constituent academies will not give any indemnity to a third party without the written consent of its insurers.
- The trust and its constituent academies must immediately inform its insurers of all accidents, losses and other incidents, which may give, rise to an insurance claim.
- Insurance arrangements will cover the use of academy property, for example musical instruments or computers, when off the premises (as long as the item being taken is for work purposes).

9.19. Planning for deficit budgets

- Each academy and the central trust may not plan for an in-year deficit in excess of £10,000 at the end of a financial year except with the prior agreement of the trust in accordance with the conditions set out above.

- Where, through in-year budget monitoring, the academy becomes aware of a potential unplanned deficit position at the end of the financial year which is either in excess of £10,000 or can't be covered by reserves this must be communicated by the headteacher to the LGB and CFO immediately along with providing the necessary financial information that presents the expected position.
- It is the responsibility of the CFO to communicate this to the CEO and the Chair of the board of trustees within 48 hours.
- Where, through in-year budget monitoring of the consolidated trust figures, the trust becomes aware of a potential unplanned deficit position at the end of the financial year which can't be covered by reserves this must be communicated by the CFO to the CEO and Chair of the board of trustees within 48 hours. They are collectively responsible for ensuring that the ESFA is notified within the 14 days' timeframe as stipulated in ATH 2.8
- The CFO, who may decide to consult with the CEO and board of trustees, will decide upon the next course of action.

10. Customers and Income

10.1. Setting up a new customer

- Before entering into any agreements with customers, it is the responsibility of the SBM or Central Trust Finance Manager at academy level or the finance department at central trust level to obtain some background information about the customer including;
 - Name;
 - Address;
 - Type of goods / service received; and
 - Contact details.
- Before entering into any agreements with customers academies must complete some customer review checks. The academy should complete a credit check to assess the financial position of a customer and to determine what payment terms and credit limit they may offer to that customer, if any.
- They must ensure the company have appropriate insurance and desirable trading terms.
- The central Trust template Customer Set Up form and process will ensure each academy and the central trust are responsible for ensuring an appropriate process is used which evidences the required checks required as listed above having been completed and the results appear reasonable prior to entering in to any trade with that customer. This form must be signed and dated by the SBM or Central Trust

Finance Manager for the academy or the finance department for the central trust.

- Once the background information and checks have been completed authorisation must be sought from the headteacher at academy level or the CFO at central trust level to approve the creation of the new customer.
- A copy of the authorisation should be filed in the customer information file.
- Once authorisation to set up the customer has been confirmed you must issue trading terms to the customer and file a copy in the customer information file. There is no trust template for trading terms and conditions and therefore it is the responsibility of the LGB to determine what these terms should be.
- The SBM or Central Trust Finance Manager at academy level or the finance department at central trust must then create the customer on the finance system based on the approved information provided.

10.2. Raising sales invoices

- All sales invoices issued to customers must be created via the finance system.
- Sales invoices raised in arrears must be raised within 14 days of the supply taking place. Where services are to be invoiced in advance the sales invoice must be issued within 14 days prior to the date the supply is due to be take place.
- Sales invoices must include the below details:
 - Academy logo (or trust logo at central trust level);
 - Academy address (or trust address at central trust level);
 - Academy contact details (or trust contact details at central trust level);
 - Invoice date;
 - Invoice number (usually pre-defined by the finance system);
 - Description of goods / service provided;
 - Amount;
 - Quantity;
 - Invoice total;
 - Payment terms; and
 - Academy bank details.
- The trust is not VAT registered and therefore sales invoices must not include any VAT.

10.3. Processing customer receipts

- Where a receipt is received from a customer that relates to a sales invoice that has been raised this receipt must be recorded in the finance system within 7 days of the receipt having been received.

- It is the responsibility of the SBM or Central Trust Finance Manager at academy level of the finance department at central trust level to ensure that receipts are allocated against the correct sales invoice as this ensures the accuracy of the aged debtor reports.
- Cash receipts and cheques must be recorded in accordance with the procedures detailed.

10.4. Issuing Credit notes & refunds

- If a credit note needs to be issued evidence must be provided to the headteacher at academy level or the CFO at central trust level who will authorise a credit note to be issued.
- The SBM or Central Trust Finance Manager at academy level or the finance department at central trust level are responsibility for raising the credit note on the finance system and for ensuring that it has been allocated against the correct sales invoice.
- If the customer requests a refund in relation to a credit note or if a duplicate payment has been received the headteacher at academy level or the CFO at central trust level must authorise any payment and a cheque must be issued to the customer.
- It is recommended practice that faster payments are not permitted to be made to customers. However, the headteacher at academy level or the CFO at central trust level can authorise such a method to be used in exceptional circumstances.

10.5. EFSA Grants

- Grant Income is received monthly from the EFSA and this is received into trust's bank account.
- The CFO is responsible for checking the income received matches to the GAG remittance received.
- Within 2 working days of receipt in to the trust's bank account the CFO will transfer the GAG funding less any management fees to the individual academy bank accounts and/or record on the finance system.
- The management fee is 6% this contributes towards the services set out in the Schedule of Services and includes the below costs:
 - Audit fees; and
 - Central trust salaries (e.g. CEO, CFO).

- Once the GAG funding is received by the academy, the academy must reconcile the income received to the payment schedule / budgeted amount.
- Once checked and posted into the finance system the GAG income posted must then be reconciled to the trial balance.
- All grants received from the EFSA must be spent on its intended purpose and in accordance with the grant conditions detailed on the EFSA website. Details of grants allocations and how it was spent must also be published on the academy website for the following grants;
 - Pupil Premium;
 - Sport Premium; and
 - Year 7 catchup premium.

10.6. Other grants

- Grants from other government and non- government bodies must be recorded in the finance system.
- It is recommended best practice that a department is created in the finance system and all income and expenditure in relation to this grant is assigned to the department. A report can then be extracted from the finance system to enable the academy to monitor the grant as part of the monthly monitoring process.
- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to review all associated grant conditions to ensure it is spent on its intended purpose and within the correct timeframe.
- The SBM or Central Trust Finance Manager at academy level must be aware of any claw back conditions on the grant and notify the CFO as soon as any possible claw back arises. This will ensure that the CFO can assess if there is any possibility of utilising all of the grant and avoiding any claw back. The CFO is responsible for being aware of any such conditions of central trust grants.

10.7. Online parent payments

- If an academy uses a third-party provider to receive online parental contributions a detailed report from the online payment system which details what income has been received and for what purpose should be obtained on a regular basis.
- The academy must use this report to check against income received on the bank statement.
- If the amount matches the bank statement, the report must be annotated with a tick, signed and dated by the individual performing the checks.

- It is the responsibility of the SBM or Central Trust Finance Manager to ensure that this type of income is entered on to the finance system on a weekly basis.

10.8. Balances on conversion to an academy

- For new schools who have converted to academy status it is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, to ensure the carried forward balances proposed to be received on conversion from the local authority are as expected.
- It is the responsibility of the headteacher to confirm the balance with the local authority prior to receiving payment.
- Where there is a discrepancy, the headteacher is responsible for resolving this with the local authority. The headteacher must also immediately inform the CFO of this discrepancy and ensure regular communication with the CFO on the progress of the dispute.

11. Collection of Outstanding Debts

11.1. Debt recovery procedure

- Customers must be monitored fortnightly to ensure they do not exceed their credit limit and that invoices are not overdue. This monitoring is the responsibility of the SBM or Central Trust Finance Manager at academy level and the finance department at central trust level.
- The procedures will apply to all of the academy's debtors irrespective of the source; the main debtor areas are:
 - Lettings;
 - Catering fees; and
 - Consultancy.
- Any customer that has been contractually invoiced but the invoice remains unpaid 30 days after the invoice date must be sent an account statement, which can be generated from the finance system, and overdue account reminder to pay.
- Where a sales invoice is still outstanding 60 days after the invoice date an account statement from the finance system and a second letter of outstanding account reminder will be sent. Upon issuing the reminder, attempt must be made to contact the customer by telephone to establish the reasons for non-payment. Any conversation or correspondence must be logged in the customer's file. The debt will also be reported to the headteacher at academy level of the CFO at central trust level.

- Where a sales invoice is still outstanding 90 days after the invoice date a warning letter will be issued by the SBM or Central Trust Finance Manager at academy level or the CFO at central trust level. The customer must also be placed on hold as not to allow further debt to occur. The SBM or Central Trust Finance Manager must ensure the headteacher and CFO have been informed of these actions. At central trust level the CFO must inform the CEO of any such actions.
- Where a sales invoice is still outstanding 120 days after the invoice date the debt must be referred to CFO who will instruct the central trust finance department to create a bad debt provision. The CFO, upon discussion with the headteacher of the academy will then either;
 - Issue a final demand and may include an intention of court action; or
 - Authorise or, seek authorisation where over the ESFA threshold, for the debt to be written off.

11.2. Provision of bad debts

- In accordance with the debt recovery procedure, after an invoice remains unpaid for 120 days the CFO will instruct the central trust finance department to create a provision for 100% of the amount owed. This will be included as a bad debt and reported in the MRP.
- If the debt is recovered then the CFO will instruct the central trust finance department to reverse the bad debt provision accordingly.

11.3. Write offs

- Writing off bad debts is a non-routine function, and all practical means will be undertaken to recover outstanding amounts due to the trust and its constituent academies before this action is taken.
- Debts will be written off when the recovery procedures have proved unsuccessful and the customer is unwilling to pay the amount due and further action is either not cost effective or highly unlikely to succeed.
- Before the decision is made by the CFO to write off the debt the following must be considered:
 - The cost of recovery action against the amount of the arrears being pursued;
 - The likelihood of success i.e.
 - Is it a small or large business / company;
 - Is it reasonable to assume that they have the funds available to pay the outstanding debt;

- Is the customer still contactable;
 - What was the cause of non-payment;
 - Were the debt recovery procedures stipulated in s6.1 followed; and
 - Could there be any reputational risk to the trust if more severe action is taken (e.g. court action).
- The trust CFO may approve the write off of individual arrears to the value of £500.
 - Individual arrears above £500 shall be referred to the board of trustees for approval.
 - A list of all bad debt write offs below £500 shall also be reported to the board of trustees.
 - In accordance with the ATH the trust must obtain ESFA's prior approval for writing off debts and losses exceeding the below delegated limits (subject to a maximum of £250,000):
 - 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
 - Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years; and
 - Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years.
 - In circumstances where the above limits apply, it is the responsibility of the board of trustees, supported by the CFO, to obtain prior approval from the ESFA before any communication is made to the customer of such action taking place.

11.4. Accounting for write offs

- Once the debt has been approved to be written off an adjustment is to be made in the finance system by the CFO within 7 days of that decision having been made and minuted.

12. Suppliers and Purchasing

12.1. Value for money

- Because the trust is using public funds, it is vital that the entire trust achieves the best value for money they can from all purchases, whether they are of goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account-associated costs such as supplies and maintenance.

- The advent of Fair Funding has lent even greater significance to the contracting element of this area as academies now have greater control over spending decisions. It is important that contract specifications contain detailed service and quality provisions.
- Many of the standards in this section are there to protect individuals and to ensure that public money is spent without any personal gain. Purchasing procedures are needed to prevent waste and fraud.
- To seek value for money when purchasing, the trust and its constituent academies will always consider price, quality and fitness for purpose when purchasing goods or services.

12.2. Procurement process

- Where expenditure is expected to be above £10,000 for any singular transaction prior approval must be obtained from the Finance Committee for the central trust.
- The financial authorisation for all expenditure must be in accordance with the **Scheme of Delegation** and **Appendix 1**, unless it is impracticable to do so. In such circumstances, the reasons for not doing so must be reported to the local governing body for academies or from the board of trustees for the central trust and minuted.
- The procurement process for all expenditure must be in accordance with the Tendering and Procurement Policy from time to time in force.
- Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the local governing body for academies or the board of trustees for the central trust as appropriate and minuted.
- A tightly drawn up contract specification is the best way for the trust to ensure that it receives the service it was expecting. It is the basis on which the trust can seek redress for service quality or quantity if it falls below the level specified and therefore provides a framework against which the success of the contract can be measured. A contract specification should contain the following elements:
 - Contract duration;
 - Definitions;
 - Contract objectives;
 - Services to be provided;
 - Service quantity;
 - Service quality standards (could include customer satisfaction surveys, number of user complaints, inspection checks);
 - Contract value and payment arrangements;
 - Information and monitoring requirements;
 - Procedure for dealing with disputes; and

- Review and evaluation requirements.

12.3. Choosing a supplier

- Where practical, purchases should be made from an existing preferred supplier list which has been approved by the local governing body for academies or the board of trustees for the central trust and minuted.
- Following the procurement process, if a purchase needs to be made from a new supplier then this must be authorised by the local governing body including justification for why an existing supplier could not be used which is minuted.

12.4. Setting up a new suppliers

- Before placing any purchases with new suppliers the following supplier review checks must be completed (these may have been completed as part of the procurement process):
 - Credit check or trade check to assess the financial position of the supplier;
 - IR35 self-employment;
 - Payment terms and credit limit being offered;
 - Warranties and/or guarantees being offered;
 - Returns policy; and
 - Any other terms and conditions of trade.
- There is no trust template for the **Supplier Set Up** form therefore each academy and the central trust are responsible for ensuring an appropriate template is used which evidences the required checks required as listed above having been completed and the results appear reasonable prior to entering in to any trade with that supplier. This form must be signed and dated by the SBM or Central Trust Finance Manager for the academy or the finance department for the central trust. The template must also incorporate the following fields which must be completed as well:
 - Name of supplier;
 - Primary address;
 - Type of goods/service;
 - Contact details;
 - VAT number (if applicable); and
 - Bank details (if to be paid by BACS which is the preferred method of payment).
- Once this form has been completed and authorised the supplier can be set up on the accounting system. The headteacher of the academy or the CFO for the central trust must then review the supplier details on the accounting system back to source documents prior to any payments being made to that supplier. Once this review has taken place the **Supplier Set Up** form must be signed and dated in the relevant section.

- The headteacher of the academy or CFO for the central trust are responsible for agreeing any payment terms with suppliers which are less than 30 days from the date of invoice. They are also responsible for agreeing any variations to what are deemed as normal trading terms and conditions such as payment by direct debit.
- Where there is uncertainty over whether a condition is deemed as normal trading then the CFO must be consulted prior to any agreement of terms.
- The **Supplier Set Up** form must then be filed in the supplier's information file.

12.5. Amending supplier details

- If supplier details need to be amended, for example a change in bank details, it is the responsibility of the SBM or Central Trust Finance Manager to complete a new **Supplier Set Up** form to evidence these changes.
- This form needs to be and the authorisation of the changes need to be in accordance with above.

12.6. Purchase requisitions

- Purchase requisitions ("PRQ") must be completed and authorised in accordance with the **Scheme of Delegation** prior to conducting any procurement process or the purchase of any goods and services excluding the following:
 - Utilities;
 - Rates; and
 - Catering contracts.
- Where a PRQ has been raised prior to conducting a procurement process, the PRQ is likely to contain estimated information such as the cost of the goods or service. On completion of the procurement process the PRQ must be revised to include the correct information, with the amendments being authorised in accordance with the **Scheme of Delegation**.
- There is no trust template for a PRQ and therefore each academy and the central trust are responsible for ensuring an appropriate template is used which evidences the authorisation process as required by the **Scheme of Delegation**.
- The signatory who raised the PRQ must be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that the appropriate procurement process has been followed where applicable.

12.7. Purchase orders

- Official orders from the accounting system must be issued from an authorised PRQ for all work, goods and services supplied to the trust except for those listed as being excluded. The accounting system that the trust uses software issues pre-numbered orders for each location (i.e. each academy).
- Orders are used only for goods and services provided to the trust. Individuals must not use official orders to obtain goods and services for their private use.
- All orders must be signed by authorised signatories. Where the segregation of duties is not practical (i.e. in smaller academies) the SBM or Central Trust Finance Manager may enter the orders onto the accounting system and authorise the orders.
- When an order is placed, the estimated cost is committed against the appropriate budget heading so that it features in subsequent budget monitoring.
- It is the responsibility of the SBM or Central Trust Finance Manager at each academy or the finance department at the central trust to monitor these commitments and to cancel any orders where the goods or services are no longer required and therefore will not be delivered. It is recommended that these commitments are reviewed at least once a month as part of the month end process.

12.8. Confirming delivery of goods or services

The signatory who raised the PRQ is responsible for checking the goods and services on receipt to ensure they match the order and the order is marked accordingly. The person who signed or processed the order does not do this.

12.9. Processing invoices and credit notes

- All invoices must be checked and authorised by the signatory who raised the PRQ confirming that the goods and services have been delivered, except for invoices relating to the exclusion list as noted.
- Any invoices received which relate to the exclusion list as noted must be checked and authorised by the SBM or Central Trust Finance Manager for the academy or the finance department for the central trust.
- All invoices and credit notes must be entered on to the accounting system within 14 days. This ensures that the accounting system and any reports reflect the true liabilities of the academy and the central trust.
- Prior to entering the invoice or credit note on to the accounting system the following checks must have been completed:
 - Receipt of goods or services, cross-referenced to the order number;
 - Expenditure has been properly incurred and that payment has not already been

- made;
- Prices accord with quotations, tenders, contracts or catalogue prices and arithmetic is correct;
- Correct accounting treatment of VAT;
- The invoice is correctly coded;
- Discounts are taken where available; and
- A grid stamp denoting that these checks have been made is used.
- The academy or central trust must not make any payment on the basis of a copy, faxed, or photocopied invoice without completing the prescribed checks and evidencing that the invoice is a Copy Invoice.
- Pro-forma invoices are not valid VAT invoices and therefore must not be entered on to the accounting system. These types of invoices are to be used for raising advance payments only.

12.10. Raising payments

- Only a member of staff approved by the governing body or trust can certify invoices for payment. This must be neither the person who processed the order nor the person who checked the receipt of goods or services. The person authorising the payment must sign the invoice in full. All Payments must include 2 separate signatures or electronic approvals.
- Payments are made promptly and only against actual Invoices.
- It is the responsibility of each academy and the central trust to each decide how they will ensure that only authorised invoices are included as part of the payment run for that week. The recommended best practice would be to place all authorised invoices in a "Payment folder" which are then matched off against the suggested pay run generated from the accounting system. Any invoices on the suggested pay run which have not been authorised can then be removed and the report re-generated. This report is then checked, signed and dated by both the SBM or Central Trust Finance Manager and headteacher at academy level or the CFO and another member of the finance department at the central trust level.
- It is recommended best practice that payments should not be made against pro-forma invoices. However, where this is unavoidable then authorisation must be obtained from the headteacher at academy level or the CFO at the central trust level prior to any payment being raised.

12.11. Service agreements

- Where any service level agreement is to be entered in to, this must be authorised and signed in accordance with the Scheme of Delegation. It is expected that only the headteacher would be able to sign all such documents at academy level and the

CFO at central trust level.

- Before entering in to such an agreement, it is the responsibility of each academy and the central trust respectively to ensure that the relevant procurement procedures have been followed and documented.

12.12. Travel and subsistence claims

- Where expenditure is incurred by an employee in relation to the charitable activities of the trust then this expenditure can be reimbursed to the employee in accordance with the **Expenses Policies** of the trust.
- The most common expenditure that would be incurred by an employee is in relation to travel and subsistence costs for meetings and events such as training courses.
- Expenditure must only be reimbursed upon completion of a **Reimbursements to Individuals Form**. This form must be authorised, signed and dated by the headteacher for academy level expenditure or the employee's line manager for central trust level expenditure.

12.13. Leases

- In accordance with the ATH the trust and its constituent academies are not able to enter in to finance leases without prior approval from the ESFA.
- In order to comply with the ATH the academy or central trust will not enter into any financial agreement with lease or capital implications without the approval of the board of trustees, including operating leases.
- Where the trust or one of its constituent academies wishes to enter in to a finance lease, it is the responsibility of the board of trustees to obtain the necessary approval from the ESFA. The lease agreement must not be entered in to until such approval has been obtained and communicated.

12.14. Governor expenses

- Governors- for the purpose refer to members, trustees and local governors as defined by the ESFA's Governance Handbook.
- Where any individual is also employed by trust (e.g. CEO) then this section provides guidance to their governor role only.
- The only expenditure that can be reimbursed to governor's are any travel costs incurred when attending trust related training events and courses. No other expenditure will be reimbursed.

- Expenditure must only be reimbursed upon completion of a **Reimbursements to Individuals Form**. This form must be authorised, signed and dated by the Chair of the Local Governing Body (“LGB”) for academy level expenditure or the Chair of the board of trustees for trust level expenditure.
- Where the expenditure has been incurred by the Chair of the respective board, then the Vice-Chair must authorise, sign and date the **Reimbursements to Individuals Form**.

12.15. Connected parties

- Academy trusts must be even-handed in their relationships with connected parties and it is the responsibility of the board of trustees to ensure that the requirements for managing connected party transactions are applied across the trust.
- Trade with any party that falls within the definition of a connected party in ATH must be subject to more stringent procurement procedures to ensure compliance with the ATH.
- It is the responsibility of the headteacher at academy level and the CFO at central trust level to ensure that the procurement process is compliant with the relevant sections of the ATH.
- Following the completion of the procurement process, and prior to any trade being placed with a connected party, approval must be obtained from the board of trustees. This approval aims to ensure that:
 - An even-handed approach has been followed;
 - Performance measures are clearly defined; and
 - At cost requirements have been met where applicable.
- It is the responsibility of the trust to publish on the trust website the relevant business and pecuniary interests of members, trustees, local governors and accounting officers. The trust has discretion over the publication of the interests of any other individual named on the register.
- As a trust, each constituent academy must be aware of the business and pecuniary interests of the entire trust and not just those of its own LGB. To ensure this occurs, it is the responsibility of each LGB to inform the CFO within 48 hours of any changes to their own LGB’s business and pecuniary interests. The CFO is responsible for updating a master register which will then be circulated to every headteacher and SBM or Central Trust Finance Manager within the trust.

- The headteacher of each constituent academy are responsible for ensuring the latest master register of business and pecuniary interests of the trust is published on its own academy web site.

12.16. Novel and contentious transactions

- In accordance with the ATH novel, contentious and/or repercussive transactions must always be referred to ESFA for explicit prior authorisation. It is the responsibility of the board of trustees to obtain this authorisation.
- The ESFA may also need to refer such transactions to HM Treasury for approval and so sufficient time should be allowed for proposals to be considered.
- As defined by the ATH
 - Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.
 - Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.
 - Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach.
- Any such expenditure that meets the definition must have prior approval from the board of trustees. It is therefore the responsibility of the headteacher at academy trust level and the CFO at the central trust level to obtain such approval to allow sufficient time for proposals to be considered.

12.17. Irregular transactions

- Irregular transactions are transactions that do not form part of the charitable activities of the trust such as an employee using academy funds for personal expenditure and any such expenditure is strictly prohibited.
- Where any such expenditure has occurred, this must be reported to the CFO within 24 hours of having been identified who will then determine the appropriate course of action.
- The board of trustees must also be made aware of any such expenditure at the earliest convenience.

13. Banking

13.1. Access to the online banking system

- The trust is responsible for selecting the banking institution and negotiating the terms and conditions.
- If an employee at an academy require setting up as a user on the online banking system, or any changes are required their existing user's access and permissions, authorisation must be provided by the headteacher of that academy to the CFO by email. The CFO will then action the request as appropriate and provide confirmation to the headteacher once completed.
- Once an employee leaves from one of the academies, they must be removed from the online banking system and as an authorised signatory for the bank accounts (if applicable) with effect from the employee's last day of work. Authorisation for this removal must be given by the headteacher of that academy to the CFO by email as soon as they become aware of such an instance (e.g. employee gives formal notice of leaving employment). The CFO will then action the request as appropriate and provide confirmation to the headteacher once completed.
- The stipulations set out also apply to any employees leaving the central trust but it is the responsibility of the employees line manager to inform the TDF within the same timeframes as stated.
- Where the access rights of the headteacher require removing due to a change in employment then authorisation must be provided by the Chair of the LGB for that academy to the CFO by email along with the details of the incoming headteacher. The CFO will then action the request as appropriate and provide confirmation to the Chair of the LGB once completed.
- Where a new user is required to be set up on the online banking system or any changes are required to existing user's access and permissions for employees at the central trust, authorisation must be provided by the line manager of the applicable employee to the CFO by email. The CFO will then action the request as appropriate and provide confirmation to the line manager once completed.
- Where there has been a change in the CFO, any changes in user access to the online banking system and authorised signatories must be authorised by the CEO to then be actioned by the CFO.
- Where there has been a change in the CEO or trustees and any changes in user access to the online banking system and authorised signatories is required, authorisation must be provided by the Chair of the board of trustees to the CFO by email. The CFO will then the request as appropriate and provide confirmation to the Chair of the board of trustees once completed.

- The CFO reserves the right to make any necessary enquiries in to such requests and refuse any requests if deemed appropriate. The issuer of the request will receive communications within 48 hours justifying the reasons for any such action.

13.2. Opening or closing bank accounts

- If an academy wishes to open a new bank account or close an existing bank account then the headteacher of that academy must raise such a request with the CFO. That request must include the necessary changes to user access, permission and authorised signatories. The CFO will then action the request as appropriate and provide confirmation to the headteacher once completed.
- The CFO reserves the right to make any necessary enquiries into such requests and refuse any requests if deemed appropriate. The issuer of the request will receive communications within 48 hours justifying the reasons for any such action.

13.3. Cash and cheque deposits

- A deposit must be entered on a copy paying-in slip with the following details:
 - The amount of the deposit; and
 - A reference (for example the number of the receipt or the name of the debtor).
- The SBM or Central Trust Finance Manager is responsible for updating the accounting system within 2 working days for deposits placed.

13.4. Payments and withdrawals

- All cheques and other instruments, such as online payments like BACS, authorising the withdrawal from any of the trust bank accounts will bear two signatures from the authorising signatures/electronic signatures in line with the Scheme of Delegation.
- The headteacher must be one of the authorising signatories in an academy, unless otherwise delegated.
- This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
- The SBM or Central Trust Finance Manager at academy level or CFO at central trust level are responsible for updating the accounting system within 2 working days for any payments or withdrawals which are not related to the payment of a supplier or which, in exceptional circumstances, do not follow the usual process for the payment of suppliers.

- Where cheques issued remain uncleared for more than three months these must be investigated by the SBM or Central Trust Finance Manager at academy level or the CFO at central trust level in case it needs cancelling and reissuing.
- If a cheque needs to be cancelled then the SBM or Central Trust Finance Manager at academy level or CFO at central trust level is responsible for making the appropriate request to the banking provider and ensuring the cheque stubs denotes that the cheque has been cancelled.
- Any cheques which are older than six months must be cancelled.

13.5. Direct debits and standing orders

- It is the responsibility of the headteacher at academy level and the CFO at central trust level to agree that the academy may use direct debit arrangements.
- The SBM or Central Trust Finance Manager at academy level and the CFO at central trust level must keep a record of each direct debit set up, listing payment details, dates and length to run.
- VAT can be re-claimed, provided the supplier submits a valid VAT invoice.
- Direct debits must be reconciled on a monthly basis by the SBM or Central Trust Finance Manager as part of the bank reconciliation process.
- Standing orders are prohibited by trust and therefore no such arrangements must be entered into either at academy or central trust level.

13.6. BACS payments

- BACS payments are the preferred method for paying suppliers and it is the responsibility of the finance department at academy level or the equivalent at central trust level to prepare BACS payments on a weekly basis.
- A suggested payments run report must be generated from the accounting system which will show the invoices due for payment.
- This suggested payments run report is reviewed by the SBM or Central Trust Finance Manager at academy level or CFO at central trust level marking which invoices are to be paid.
- A second suggested payments run report is then run which will only include those invoices marked for payment. This second report along with the documentation for bank details is reviewed by the SBM or Central Trust Finance Manager at academy level or CFO at central trust level, signed and dated.

- The same report is then authorised by the headteacher at academy level or CEO at central trust level, signed and dated.
- The BACS file is then generated from the accounting system, printed and provided to the SBM or Central Trust Finance Manager at academy level or CFO at central trust level along with documentation showing the bank details for any new suppliers or changes to existing suppliers. This printed BACS report is reviewed, signed and dated by the SBM or Central Trust Finance Manager or CFO as appropriate.
- Where the report is originally generated by the SBM or Central Trust Finance Manager or CFO then the review must be performed by the headteacher or CEO as appropriate.
- It is the responsibility of the SBM or Central Trust Finance Manager or CFO to process the approved BACS payment file through the online banking system. The BACS file will then be authorised in accordance with the bank mandate and required authorised signatories.

13.7. Other online payments

- The trust has the ability to use other forms of online payments including:
 - Faster payments;
 - CHAPS; and
 - Foreign monies.
- Of the above, faster payments will be the more commonly used transaction type and any such payments via this route must follow the procedures set out.
- Where a same day payment is required, CHAPS is the only available method but will incur a charge from the banking provider. Authorisation from the headteacher at academy level or CFO at central trust level must be given prior to any CHAPS payments being set up and processed. Once authorisation has been given then the procedures set out must be followed.
- Where a payment in a foreign currency is required, the headteacher of the academy must obtain authorisation from the CFO prior to any such payment being set up and processed. Once authorisation has been given, the payment will be processed by the central trust finance department in accordance with the procedures set out. The CFO will then provide confirmation to the headteacher once completed.

13.8. Bank reconciliations

- The SBM or Central Trust Finance Manager at academy level or the CFO at central trust level must ensure bank statements are received regularly and that reconciliations are performed for each calendar month by the 10th working day of

the next calendar month (e.g. bank reconciliation for June to be completed by 10th July). Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the academy's cash book;
- Reconciliations are prepared by the Finance Department;
- Details for any unreconciled items are included in the reconciliation;
- Signed and dated by the preparer;
- Reconciliations must subject to an independent monthly review carried out by the headteacher or in their absence the CFO or deputy headteacher and are signed and dated by that individual; and
- Adjustments arising are dealt with promptly.

13.9. Operating with more than one bank account

- Where more than one bank is in operation either by the central trust or the academy (e.g. school fund bank accounts) then the procedures set must be applied in their entirety from the control of access to the processing of any transactions.

13.10. Treasury management

- The SBM or Central Trust Finance Manager at academy level and the CFO at central trust level are responsible for preparing cash flow forecasts to ensure that both the academy and the trust have sufficient funds available to cover day-to-day operations.
- These forecasts must be presented to both the local governing body and board of trustees at least three times a year.
- When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.
- The trust does not currently have any pooling arrangements in place and therefore any investments are the responsibility of the individual academy taking into consideration the relevant risks and rewards of any arrangement and in accordance with written procedures approved by the trust under a separate **Investment Policy**.

14. Cash handling

14.1. Petty cash

- Petty cash may be kept at each academy within the trust, which is the responsibility of the SBM or Central Trust Finance Manager, with the maximum amount of £300.
- The SBM or Central Trust Finance Manager is responsible for the management of petty cash and will:
 - Ensure petty cash is held securely;

- Make reimbursements only on the **Reimbursements to Individuals Form**;
 - In exceptional circumstances make cash available to staff in advance of a receipt being available; however, these are limited to small items under £10;
 - Reconcile petty cash as at the end of each calendar month by the 10th of the following calendar month (e.g. petty cash reconciliation for June to be completed by 10th July);
 - Reconciliations must be subject to an independent monthly review carried out by the headteacher or in their absence the CFO or deputy headteacher and are signed and dated by that individual;
 - Make the petty cash available for checking at any time; and
 - Record all petty cash transactions within 2 working days.
- There is no trust template for the **Reimbursements to Individuals Form** therefore each academy and the central trust are responsible for ensuring an appropriate template is used which incorporates:
 - Date of expenditure;
 - Type of goods or services purchased;
 - Reference to a physical receipt;
 - Total amount to be reimbursed;
 - Signed and dated by the individual to be reimbursed; and
 - Signed and dated by the headteacher for academy level expenditure or by the employee's line manager for central trust expenditure.
 - In the interests of security, petty cash payments will be limited to an individual limit of £15 and higher value payments must be made via online banking or cheque. Any petty cash expenditure or reimbursements must be for the use of the trust only and personal use is strictly prohibited even if the trust is reimbursed at a later date.
 - A petty cash voucher will be completed and submitted to the SBM or Central Trust Finance Manager for processing before petty cash is received. Valid receipts for all goods purchased will be attached.
 - The SBM or Central Trust Finance Manager will be available each week to reimburse petty cash expenses and the recipient will sign a petty cash form to acknowledge receipt.

14.2. Cash receipts

- Cash receipts must only be received by the finance department, counted and a physical receipt given in return. No other employees will accept cash, except for the headteacher in the absence of the finance department.
- This receipt must then be recorded on a separate physical banking sheet and kept in the safe until ready to bank, which must be at least once a week, and in accordance with safe insurance limits.

- At no point will cash be left unattended outside of the safe.
- The cash that is left in the safe must be within the insurance limits at all times.
- When the cash is ready to be banked each week, the cash will be removed from the safe, counted by two individuals and reconciled to physical banking sheet. A deposit slip will then be completed in accordance with s5.3 and placed in a sealed envelope back in the safe until either physically banked or collected via a cash collection service the same day.
- Where a deposit slip has been completed, the cash must be banked the same day and not left in the safe until a later date.

15. Charge Cards and E-Procurement

15.1. Managing the use of charge cards

- Charge cards linked to a trust bank account are issued to personnel under the Scheme of Delegation for the purpose of paying for goods and services for the use of the trust only.
- The CFO is responsible for authorising any requests for new charge card holders and removing existing cardholders. The completion of the appropriate documentation can then be delegated to the SBM or Central Trust Finance Manager but will require signing by an authorised signatory.
- Only the cardholder is permitted to use the charge card and is responsible for its security the protection of any data enabling its use.
- Any cash withdrawals or personal expenditure, even if the trust is reimbursed at a later date, is strictly prohibited.
- Each academy and the central trust are responsible for ensuring an appropriate record and process is used which incorporates:
 - Charge card number;
 - How to ensure the protection of any data enabling its use;
 - How to prevent the loss or theft of the card;
 - What to do if the card is lost or stolen;
 - Appropriate use with specific reference to cash withdrawals and personal expenditure being strictly prohibited;
 - All expenditure requiring prior authorisation via a signed PRQ; and
 - Valid VAT receipts must be retained for all expenditure.

- AT school level a PRQ must be raised and authorised, prior to any purchase being made on the charge card. The authorised PRQ will be passed to the finance department who will retain and reconcile with monthly statements. This is an internal order for control purposes only and therefore will not need sending to the supplier.
- Where a charge card has been lost or stolen, the cardholder must notify the SBM or Central Trust Finance Manager as soon as they become aware. The SBM or Central Trust Finance Manager must then immediately contact the banking provider to cancel the charge card and report the situation to the headteacher.
- The procurement of goods and services through the use of charge cards will be kept to a minimum and monitored by the CFO. Transaction authority levels are defined below.

15.2. Reconciliation of charge cards

- The SBM or Central Trust Finance Manager at academy level or the CFO at central trust level must ensure statements are received regularly for each charge card and that reconciliations are performed for each calendar month by the 20th working day of the next calendar month (e.g. bank reconciliation for June to be completed by 20th July). Reconciliation procedures must ensure that:
 - Each transaction is matched against the relevant PRQ and purchase order raised.
 - When matched the transactions will be posted to the accounting system via the cashbook;
 - VAT can only be reclaimed on transactions with a valid VAT receipt;
 - All charge cards are then reconciled to the academy's cash book;
 - Reconciliations are prepared by the Finance Department;
 - Details for any unreconciled items are included in the reconciliation;
 - Signed and dated by the preparer;
 - Reconciliations must be subject to an independent monthly review carried out by the headteacher or in their absence the CFO or deputy headteacher and are signed and dated by that individual; and
 - Adjustments arising are dealt with promptly.
- Once the reconciliation has been completed the SBM or Central Trust Finance Manager at academy level or the CFO at central trust level will cancel any purchase orders on the accounting system that relate to the reconciled transactions. This will remove the commitments from the accounting system ensuring that transactions are not duplicating within any budget monitoring reports.

16. Payroll

16.1. New contracts

- New contracts can only be authorised by the central Trust.
- 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.
- All payroll transactions relating to trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.
- Each academy within the trust and the central trust level will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy.
- It is the responsibility of the central trust to authorise the appointments for temporary or permanent employment.
- It is the responsibility of the headteacher at academy level and the CFO at central trust level to:
 - Action, when authorised by the LGB or board of trustees as applicable, any new appointments for temporary or permanent employment;
 - Inform payroll of any new employee appointments within 48 hours of the offer being accepted by the new employee; and
 - Inform the SBM or Central Trust Finance Manager at academy level or the finance department at central trust level of any new employee contracts.
- The SBM or Central Trust Finance Manager at academy level and the finance department at central trust level are responsible for updating the new employee contract details on a timely basis on:
 - The ACCESS budgeting software; and
 - The **Salary Variance Checker**.

16.2. Changes to contracts

- Contractual variations can only be authorised by the central Trust.
- During the spring term each year, the SLT and SBM or Central Trust Finance Manager will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the finance committee.

- The finance committee are responsible for authorising the following salary changes:
 - Staffing structure changes;
 - Performance related pay progression; and
 - Pay awards for support staff.
- It is the responsibility of the headteacher at academy level and the CFO at central trust level to:
 - Action any changes to contracts as authorised for academy level changes and as authorised by the CEO at central trust level;
 - Inform payroll of any changes to contracts no later than the 15th of the month in which the changes need to take place (e.g. changes need to be reflected in July pay therefore the payroll provider must be informed of the changes on or before 15th July); and
 - Inform the SBM or Central Trust Finance Manager at academy level or the finance department at central trust level of any changes to contracts.
- The SBM or Central Trust Finance Manager at academy level and the finance department at central trust level are responsible for updating the changes in contract details on a timely basis on:
 - The ACCESS budgeting software; and
 - The **Salary Variance Checker**.
- The SBM or Central Trust Finance Manager, in collaboration with the admin officer, at academy level and the CFO at central trust level are also 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.

16.3. Claims for additional hours

- Claims for additional hours can form a significant cost for the trust and therefore need to be monitored closely and on a regular basis.
- Where additional hours need to be claimed by an employee they must complete an Additional **Hours Claim Form** for the preceding month which must be authorised, signed and dated by the employees line manager. This needs to be completed and passed on to the headteacher at academy level or the CFO at central trust level by the 10th of the month (e.g. the claim form for June must be received

on or before 10th July to be paid in July. The payroll deadline may move from time to time but be communicated to each academy accordingly.

- Any **Additional Hours Claim Forms** received after the 10th of the month will not be processed until the following month (e.g. if the claim form for June is received on or after the 11th July then it will not be processed and paid until August).
- There is no trust template for the **Additional Hours Claim Form** therefore each academy and the central trust are responsible for ensuring an appropriate template is used which incorporates:
 - Hours to be claimed each day;
 - Reasons for additional hours;
 - Signed and dated by the individual making the claim; and
 - Signed and dated by the employee's line manager.
- It is the responsibility of the headteacher at academy level and the CFO at central to trust level to communicate any claims for additional hours to:
 - The payroll provider; and
 - The SBM or Central Trust Finance Manager at academy level or the finance department at central trust level.

16.4. Staff absence

- Payroll must be notified of any staff absence using the absence recording system and in accordance with the agreed responsibilities defined within that system.

16.5. Checking payroll reports

- The SBM or Central Trust Finance Manager at academy level and the CFO at central trust level are responsible for ensuring that the payroll reports:
 - Include only bona-fide employees;
 - Include employee details which are in accordance with their conditions of employment;
 - Deductions, including income tax, national insurance and pensions, are properly administered;
 - Payments that are to be made are only in respect of services provided to the academy; and
 - Include only amendments to the payroll which have properly processed and authorised such as contract changes and claims for additional hours.
- The SBM or Central Trust Finance Manager at academy level and the CFO at central trust level must sign and date whatever tool they use to perform the payroll checks to evidence that these checks have been completed. To assist with these checks,

the trust have provided a **Salary Variance Checker** and it is recommended that this is used.

- The headteacher at academy level and the CEO at central trust level must review the checks performed and then sign and date the tool used to evidence that this review has taken place.
- The CFO will randomly select one employee each month from each academy and check the calculation of gross to net pay, in order to ensure that the payroll system is operating correctly.

16.6. Authorising payroll payments

- Payroll costs will be set up with your HR provider and paid by BACS each month. It is important to ensure that there is enough money in the account to ensure payments can be processed.
- All of the checks listed must be completed and then authorised by the headteacher at academy level and the CEO at central trust level before authorisation can be given to the payroll provider to make the salary payments.
- The headteacher at academy level and the CFO at central trust level are responsible for ensuring that the appropriate checks have been completed and authorised in sufficient time for the payroll provider to process the salary payments.
- These payroll payments must be processed to the accounting system as part of the bank reconciliation process each month if not before.
- The payroll provider will then produce pay slips on a monthly basis and administered to employees via secure email, or in person where requested, on the 23rd of each month.
- Where not processed by the payroll provider, the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level are responsible for ensuring that the relevant monthly payments to HMRC and pension funds for the previous month's liabilities are made within the following deadlines:
 - Teachers' pension by the 5th of each month.
 - Local government pension scheme by the 19th of each month
 - Unison fees by the 19th of each month
 - PAYE and NIC to HMRC and other deductions by the 20th of each month.
- Where payments for the above are made by BACS these payments will need to be processed within two working days of the above deadlines.

16.7. Processing payroll journals

- The payroll provider will provide each academy and the central trust with a breakdown of the transactions, both by employee and employment category (e.g. teaching staff, admin staff). These must be processed by employment category within the accounting system via a nominal journal.
- To ensure that the costs are reflected in the budget monitoring reports and payroll control accounts can be reconciled on a monthly basis this journal must be processed by the 10th of the following calendar month (e.g. the journal for the June payroll must be posted by the 10th July).

16.8. Staff severance and compensation payments

- The ATH refers to redundancy and settlement agreements as “special payments”. They are non-statutory or non-contractual payments and so need to be subject to greater control than other payments.
- Non-statutory or non-contractual payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.
- If an academy or the central trust is considering making any such payments above the statutory or contractual entitlements, then to comply with the ATH the headteacher at academy level or the CEO at central trust level must present a business case to the board of trustees which considers the following issues:
 - That the headteacher and LGB at academy level or the CFO and CEO at central trust level reasonably consider the proposed payment to be in the interests of the trust;
 - Whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the trust is likely to be successful, then a settlement should not be offered; and
 - If the settlement is justified, the trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances.
- Non-statutory or non-contractual transactions along with a business case must always be referred by the headteacher at academy level or the CEO at central trust level to the board of trustees for prior authorisation before any such payments are

made or any binding settlement offer is made to staff and to allow sufficient time for proposals to be considered. This will ensure compliance with the ATH.

- Where non-statutory or non-contractual payments are expected to be £50,000 or more the board of trustees must obtain prior approval from the ESFA in accordance with ATH before any binding settlement offer is made to staff.
- The ESFA will also need to refer such transactions to HM Treasury and so the board of trustees should allow sufficient time for proposals to be considered.

16.9. Ex gratia payments

- As defined by the ATH ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of HM Treasury's Managing Public Money provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.
- Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to academy staff in accordance with the trust's pay and conditions policy would not be ex gratia.
- Ex gratia transactions along with a business case must always be referred by the headteacher at academy level or the CEO at central trust level to the board of trustees for prior authorisation to ensure compliance with the ATH . This is because the trust must obtain prior approval from the ESFA for any such transactions.
- It is the responsibility of the board of trustees to obtain prior approval from the ESFA.
- The ESFA may require HM Treasury approval dependent on the nature of the transaction so the board of trustees should allow sufficient time for proposals to be considered.
- If academies or the central trust are in any doubt about a proposed transaction they should inform the CFO who will seek prior advice from the board of trustees and/or ESFA where applicable.

16.10. Write-offs and entering into liabilities

- The academy trust must obtain ESFA prior approval for the following transactions beyond the delegated limits described below:
 - Writing-off debts and losses
 - Entering into guarantees, letters of comfort or indemnities.
 - The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction cumulatively,
- 5% of total annual income in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years.
- In relation to these limits:
 - The trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled
 - The trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken.

17. Fixed Assets

17.1. Fixed Asset Purchases

- Assets acquired using capital grants need to be authorised in line with the scheme of delegation and the fund / grant used to purchase the asset needs to be detailed on the fixed asset register.
- Assets acquired using revenue funds need to be authorised in line with the scheme of delegation and the fund / grant used to purchase the asset needs to be detailed on the fixed asset register.

17.2. Fixed Asset Register

- All items purchased with a value over the trust's capitalisation limit of £5,000, which satisfy the definition of a fixed asset, must be entered in to the academy's fixed asset register at academy level or the central trust's fixed asset register at central trust level.
- Assets brought on separate invoices within one financial year but are in the same fixed asset category that exceed the capitalisation limit can be grouped together and added to the fixed asset register.
- The fixed Asset register must contain:
 - Asset category;
 - Date purchased;
 - Description of asset;
 - Which fund / grant used to purchase the asset;
 - Useful life of asset (months);
 - Cost of the asset; and
 - Ledger code & cost centre where the invoice has been paid.

- Physical counts against the register must be undertaken by the SBM or Central Trust Finance Manager at academy level and the finance department at central trust level at least half-yearly with any discrepancies between the physical count and the register being investigated promptly.
- Where the discrepancy is over £500 this must be reported to the headteacher, LGB and CFO at academy level or the CFO at central trust level.
- All assets owned under the capitalisation value must be recorded on a separate inventory for insurance purposes and must be updated on an annual basis.

17.3. Disposals

- The fixed asset register must be reviewed monthly by the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to ensure the continued existence of all fixed assets.
- Where assets have become obsolete or been disposed of they must be recorded as a disposal and accounted for within the finance system.
- Items which are to be disposed of by sale or destruction must be authorised for disposal by the headteacher at academy level or the CFO at central trust level in accordance with Appendix 1, and where significant must be sold following competitive tender.
- If the academy proposes to dispose of an asset, which was purchased with the aid of grant funding, or dispose of any land or buildings, prior approval must be obtained from the CFO.
- In accordance with the ATH prior written approval from the ESFA must be obtained for the disposal of freehold land and buildings and it is the responsibility of the board of trustees to obtain this approval.

17.4. Depreciation

- Depreciation must be calculated in line with the trust's depreciation policy as follows:

Asset Group	Depreciation Method
Furniture and Fixtures	10% straight line
Leasehold Land	Over term of Lease
Leasehold Property	2% straight line
Leasehold Improvements	2% straight line
Computer Equipment	25% straight line

- Depreciation will be calculated to the period March (7) & August (12) each year by the central trust finance department.
- Depreciation will be posted to the finance system on an annual basis as part year-end process by the central trust finance department.

18. Stock

Where any academy holds stock of items for re-sale, a stock register detailing stock held must be maintained.

19. Month end

19.1. Reconciliation of control accounts

- Before any month end reconciliations can be completed it is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to ensure that the following transactions types have all been processed for that month where possible:
 - Customer invoices;
 - Cash receipts and deposits;
 - Grant and non-invoiced income received direct into the bank;
 - Supplier invoices;
 - Supplier payments;
 - Non-supplier payments, for example payroll; and
 - Payroll journal.
- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to ensure the following control accounts have been reconciled to supporting evidence for that month:
 - Trade debtors;
 - Other debtors (excluding VAT);
 - VAT debtor;
 - Bank accounts
 - Petty cash
 - Charge cards
 - Trade creditors;
 - Payroll control accounts; and
 - Other creditors.
- These reconciliations must be completed by the 20th of each month following the month to which they relate (e.g. reconciliation of control accounts for June to be completed by 20th July). This process forms part of the MRP.

- The finance department at central trust level will review the control accounts of each constituent academy as part of the submission of the MRP.

19.2. VAT126 report

- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to run the VAT126 report from the accounting system.
- These reports are to be submitted to the CFO by the SBM or Central Trust Finance Manager of each academy by the 20th of each month following the month to which it relates (e.g. June VAT126 report to be submitted to the central trust by 20th July). This process forms part of the MRP.

19.3. Closing accounting periods

- It is the responsibility of the SBM or Central Trust Finance Manager at academy level and the CFO at central trust level to close the accounting period within the accounting system for the following sections:
 - Sales daybook;
 - Purchase daybook;
 - Cashbook; and
 - Stock.
- The accounting period for these sections must be closed by the 20th of each month following month to which they relate (e.g. June period to be closed by 20th July).
- It is the responsibility of the finance department at central trust level to close the accounting period for the Nominal Ledger for each academy and the central trust. This must be completed by the 30th of each month following the month to which it relates (e.g. Nominal Ledger accounting period for June to be closed by 30th July).

20. Year end

20.1. Running the year end process

- Year end procedure must be completed for the month of August.
- It is the responsibility of the finance department at central trust level to run the year end process for each academy and the central trust. This will process will be completed once the year-end audit pack has been submitted to the external auditors, usually early October each year.
- As part of the year-end process the finance department at central trust level will assist in completing the following for each academy and the central trust:

- Complete the year-end process on the accounting system;
 - Process journals reversing all applicable year-end adjustments, for example accruals and prepayments;
 - Opening all accounting periods for all sections within the accounting system; and
 - Upload the budget for the new financial year into the accounting system.
- The finance department at central trust level will communicate to each academy when the processes have been completed.
 - Each academy and the central trust can continue to process transactions as normal in the new financial year whilst the year-end process is being completed for the prior financial year. These transactions will sit in the deferred postings list on the accounting system and this will only impact the data pulled through to reports generated from the accounting system. It has no impact on the day to day operational aspects of the trust.

20.2. Reporting on balances

- It is the responsibility of the CFO to communicate to each academy headteacher their draft closing balances upon completion of the year-end audit pack and by no later than the 31st October each year.
- The headteacher of each academy must report this draft figure to their LGB at the next available meeting and this must be documented in the minutes.
- Once the trusts financial statements for the year have been signed off by the board and trustees and submitted to the ESFA, the CFO is then responsible for communicating to each academy headteacher the final closing balance by no later than the 31st January each year. As part of this communication the CFO will provide an analysis and explanation for any changes to draft figure communicated.
- The headteacher of each academy must report this final figure to their LGB at the next available meeting and this must be documented in the minutes.

21. Maintenance of the accounting system

21.1. User access

- Where a new user requires access to the accounting system or an existing user requires different permission the process is the same as those set out for user access to the online banking system.

21.2. Security and back up of data

- The security of an individual's user access details to the accounting system are the responsibility of the individual to whom those details relate to.
- Only that individual must have knowledge of those details and no other individual can use those details to access the accounting system.
- It is expected that once the user has successfully logged in to the accounting system they will be one who then uses the accounting system.
- In the rare occasion that another individual who does not have their own user access to the accounting system requires access (for example, contracted support from a third party), they must only use the accounting system under the direct supervision of the user at all times.
- Data is backed up on a regular basis by the provider of the accounting system and in accordance with the terms and conditions with that provider. It is the responsibility of the CFO to manage the performance of the provider in this respect and deal with any issues that may arise.

21.3. Chart of accounts

- The trust stipulates the chart of accounts to be used by each academy and the central trust in respect of the nominal ledger and cost centre structure.
- Each academy and the central trust have the flexibility to determine their own department and analysis code structure.
- Where any changes to the department and/or analysis code structure is required the SBM or Central Trust Finance Manager of the academy must request this by email to the CFO.
- The CFO will action the request and confirm its completion to the SBM or Central Trust Finance Manager of the academy within 14 days.
- The CFO reserves the right to make any necessary enquiries in to such requests and refuse any requests if deemed appropriate. The issuer of the request will receive communications within 48 hours justifying the reasons for any such action.

22. Taxation

22.1. VAT

- The trust is not currently VAT registered and it is the responsibility of the CFO to review this VAT registration limit of the trust on a regular basis.
- A proper VAT invoice is the only basis on which VAT can be reclaimed. It contains the following elements:
 - The supplier's name, address and VAT registration number
 - The date goods/services were supplied
 - The name and address of the school
 - The goods or services supplied
 - Amount payable excluding VAT
 - Amount of VAT
 - VAT rate.
- Academies will pay invoices gross of VAT and are then required to submit a VAT126 form to the trust for the prior month by the 20th of the following month (e.g. June VAT126 claim submitted by 20th July).
- The VAT126 report required is automatically generated by the finance system and it is the responsibility of the SBM or Central Trust Finance Manager at academy level and the finance team at central trust level to ensure that the information contained within this report is accurate. This includes ensuring that VAT registration number for each supplier is recorded in the system to enable the VAT to be reclaimed.
- The trust CFO, supported by the finance team at central trust level, is responsible for consolidating and submitting to HMRC the VAT126 claim for the trust. To ensure regular submissions the academies are required to report VAT on a quarterly basis and this must be completed by the following quarterly deadlines:
 - Quarter to 30th November – completed by 31st December
 - Quarter to 28th February – completed by 31st March
 - Quarter to 31st May – completed by 30th June
 - Quarter to 31st August – completed by 30th September.
- Any VAT refund will be received at central trust level and the CFO is responsible for apportioning and paying this refund to the constituent academies based on the information used to collate the original claim. This VAT refund payment must be made to each constituent academy within 7 days of the trust receiving the refund from HMRC.

22.2. Construction industry scheme (CIS)

- Where applicable, the CIS is the responsibility of the CFO to administer on behalf of the trust.
- Where necessary the CFO will request information from each academy and it is the responsibility of the SBM or Central Trust Finance Manager to ensure that this information is accurate and provided in a timely manner.

22.3. P11Ds

- Form P11D (Expenses and Benefits) is a tax form filed by an employers for each employee who have been provided with expenses and/or benefits during the tax year (April to March). The deadline for this form to be filed with HMRC is 6th July.
- It is the responsibility of the headteacher, supported by the SBM or Central Trust Finance Manager, at academy level to collate the information required for their academy's P11Ds and to pass this information on the CFO by no later than 31st May each year. Alternatively, where no expenses or benefits have been provided, they are responsible for confirming this to the CFO by the same deadline.
- The CFO is responsible for collating the required information for the central trust and then collating all information for the submission of the trust return by the deadline of 6th July.

22.4. Corporation tax

- As mentioned previously the trust is both a company and a charity and is therefore subject to corporation tax rules on non-business activities.
- It is the responsibility of the CFO to collate the required information for the corporation tax return and to obtain professional advice where deemed necessary. They are also responsible for ensuring that the corporation tax return is filed with HMRC by the applicable deadline as follows:
 - By 1st June (9 months and one day after the end of the financial year):
 - Pay corporation tax; or
 - Tell HMRC that the trust doesn't owe any corporation tax; and
 - By 31st August – file the trust's tax return for the previous financial year (12 months after the end of the financial year).
- Where necessary the CFO will request information from each academy and it is the responsibility of the SBM or Central Trust Finance Manager to ensure that this information is accurate and provided in a timely manner.

23. Record Keeping

- All financial transactions of the academy trust are recorded and retained including, but not limited to, the following:
 - Purchases and tenders;
 - Returns;
 - Payroll;
 - Cash flow;
 - Income and expenditures;
 - VAT returns.
- The CFO is responsible for keeping up-to-date records of the trust's financial state.
- The SBM or Central Trust Finance Manager for each individual academy is responsible for keeping up-to-date records in relation to the finances of that academy.
- 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; and
 - Identified profit and loss, any causing concern is investigated.
- Each academy has its own set of financial records for day-to-day operational purposes and budget management.
- All financial records will be kept securely in each individual academy's admin office.
- In accordance with statutory limits, records must be kept for the current year and the previous six years.

23.1. Reporting and approval of related party transactions

- All contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing.

23.2. Capital Management Plans

- Since inception, schools who are proposed to join MVLT are subject to a rigorous due diligence exercise covering: education standards, Human Resources/staffing, ICT provision, finance, and site and buildings condition.
- An annual capital management plan is maintained for each trust which takes into consideration works already completed in schools since due diligence took place. Trust appointed building professionals complete visits to all schools at the beginning of every academic year to identify any urgent or high-priority works (see below).
- The capital management plan will also include a report on the allocation and works completed in the previous academic year.
- The capital management plans will be submitted for Trust Board approval in their meeting every December.
- Trust appointed building professionals will continue to oversee and manage the works identified and approved by the Trust Board.

23.3. Criteria for Allocation of School Condition Allocation

MVLT adopt the following priority-based assessment for allocation of SCA:

Category	Priority Level	Sub-Priority Level
Legislation Compliance and Health and Safety:		
Emergency and managed asbestos removal to facilitate essential works	1	(a)
Gas safety	1	(a)
Electrical safety	1	(a)
Fire safety	1	(a)
Security and safeguarding	1	(a)
Lift safety	1	(b)
Water services – (hot and cold) and drainage	1	(b)
Ventilation/air quality	1	(b)
Thermal comfort	1	(b)
Life Expired Condition Replacement (where there is a risk of school closure)		
Building structure	2	(a)
Mechanical systems	2	(a)
Electrical systems	2	(a)
Utility capacity and connections	2	(a)
Life Expired Condition Replacement		
Building structure	3	(a)
Building fabric (internal and external)	3	(a)
Mechanical systems	3	(b)

Category	Priority Level	Sub-Priority Level
Electrical Systems	3	(b)
Areas Below Current Standards		
Whole block	4	(a)
Basic teaching	4	(a)
Large spaces, studios, dining and social	4	(b)
Kitchen	4	(b)
Plant	4	(b)
Learning resource areas	4	(b)
Toilets	4	(b)
Staff and admin	4	(c)
Storage	4	(d)
Changing	4	(d)
Circulation	4	(d)

Ten percent of the total SCA is retained each year at Trust level as a contingency for completion of any emergency works. These funds should be clearly ring-fenced within the Trust budget and available to schools who are in urgent need of remedial works that are unable to be completed using funds within the school budget and/or are not covered by the DfE's Risk Protection Arrangement (RPA) insurance scheme. This contingency would be subject to the terms of the SCA arrangement so that expenditure is utilised in the appropriate period.

23.4. Significant Capital Projects

MVLT recognise that some schools will have significant requirements for capital investment related to their school development priorities. For example, the addition of a nursery where current facilities cannot accommodate this.

If all other funding routes have been exhausted in this respect, a proportion of the SCA is used to fund these developments, in full or in part. The amount of SCA available for these projects will be identified by the Trust Board once the annual allocation is known and will form part of the capital management plan. It is expected that one significant project per academic year may be funded through this route. An agreement will be agreed with the school in advance, whereby potential reduction in funding will be applied by the trust to facilitate such projects.

Appendix 1 Authorisation Limits



Academies with 250 pupils or fewer (not including special schools)

Delegated Duty	Value	Delegated Authority
Requisitions for orders or invoice approval	Up to £2,000	Budget Holder or Finance Manager
	Up to £5,000	Deputy Head, Head, Executive Head or Finance Manager or MVLТ CFO
	Up to £10,000	Chair of Academy Finance Committee or MVLТ CFO
	Over £10,000 up to £50,000	Full Academy Governing Body or MVLТ Group CFO
	Over £50,000 and up to £500,000	MVLТ CFO or MVLТ CEO
	Over £500,000	MVLТ Board
Quotations and tendering	£5,000 to £50,000	Minimum of three quotes to be obtained (unless justifiable reason for less quotes e.g. only supplier providing a certain product, clear demonstratable value in using certain supplier e.g knowledge of MVLТ) by Budget Holder, Finance Manager, Deputy Head, Head, Executive Head
	£50,000 to relevant OJEU limit	Formal tendering process requiring full Academy Finance Committee approval (see MVLТ Procurement Policy) or Finance Manger or MVLТ CFO
	Over OJEU limit	OJEU advertising required and full Academy Governing Body approval and MVLТ Board
Special payments - ex gratia, staff severance and	Up to £50,000	MVLТ CFO and MVLТ CEO approval (ESFA approval also required if ex gratia)

Delegated Duty	Value	Delegated Authority
compensation payments	Over £50,000	MVLT CFO, MVLT CEO and ESFA approval.
Disposal of assets approval	Up to £2,000	Chair of Academy Finance Committee
	Over £2,000	Full Academy Governing Body or MVLT CFO
Write off of bad debts approval	Up to £200 limit	Head, over limit Chair of Academy Finance Committee or MVLT CFO (ESFA prior approval also required if over £45k)
Petty Cash Level	Up to £200	Any higher levels to be agreed with the MVLT CFO
Journal Sign Off	£5,000 and over	Finance Manager or Head if journal posted by the Finance Manager

Academies with 251 to 1000 pupils (including all special schools regardless of pupil numbers)

Delegated Duty	Value	Delegated Authority
Requisitions for orders or invoice approval	Up to £10,000	Budget Holder or Finance Manager
	Up to £25,000	Deputy Head, Head, Executive Head or Finance Manager or CFO
	Up to £50,000	Chair of Academy Finance Committee or MVLT CFO or CEO
	Over £50,000 and up to £100,000	Full Academy Governing Body or MVLT CFO.
	Over £100,000 and up to £500,000	MVLT CEO

Delegated Duty	Value	Delegated Authority
	Over £500,000	MVLT Board
Quotations and tendering	£5,000 to £50,000	Minimum of three quotes to be obtained (unless justifiable reason for less quotes e.g. only supplier providing a certain product, clear demonstratable value in using certain supplier (e.g knowledge of MVLT) by Budget Holder, Finance Manager, Deputy Head, Head or Executive Head
	£50,000 to relevant OJEU limit	Formal tendering process requiring full Academy Finance Committee approval (see MVLT Procurement Policy) or MVLT CFO
	Over OJEU limit	OJEU advertising required and full Academy Governing Body approval and MVLT Board
Special payments - ex gratia, staff severance and compensation payments	Up to £50,000	MVLT CFO and MVLT CEO approval (ESFA approval also required if ex gratia)
	Over £50,000	MVLT CFO, MVLT CEO and ESFA approval
Disposal of assets approval	Up to £5,000	Chair of Academy Finance Committee
	Over £5,000	Full Academy Governing Body or MVLT CFO
Write off of bad debts approval	Up to £500 limit	Head over limit Chair of Academy Finance Committee or MVLT CFO (ESFA approval also required if over £45k)
Petty Cash Level	Up to £500	Any higher levels to be agreed with the MVLT CFO (in particular special schools)

Delegated Duty	Value	Delegated Authority
Journal Sign Off	£5,000 and over	Finance Manager or Head if journal posted by the Finance Manager

Appendix 2: Glossary of Terms



CEO	Chief Executive Officer
DfE	Department for Education
ESFA	Education Skills and Funding Agency
CFO	Chief Finance & Operational Officer
LGB	Local Governing Body
MRP	Monthly reporting pack
OJUE	Official Journal of the European Union
SBM or Central Trust Finance Manager	School Business Manager
Trust	Mersey View Learning Trust

Appendix 3: Guidance for Trustees



1. Introduction

- 1.1. This note is intended to offer the Trustees of MVLT guidance on the duties and responsibilities they will face when they become Trustees of an Academy Trust.
- 1.2. The Academy Trust will be run by a charitable company limited by guarantee known as MVLT. As a company it will be subject to company law and to the requirements of the Registrar of Companies (commonly known as Companies House).
- 1.3. Academy Trusts are 'exempt charities'. This means that they will be subject to charity law but that they will not be registered with the Charity Commission. Academy Trust will be regulated by the Education Funding Agency (ESFA).
- 1.4. Any charitable company has two groups of individuals which are involved in the corporate governance of the organisation: the Directors and the Members.
- 1.5. **The Trustees:** In simple terms, the Trustees are responsible for managing the affairs of the Academy Trust and are responsible for the day to day running of it. In practice, their powers of management are largely delegated to the Chief executive. It is usual for the Directors of an Academy Trust to be known as the 'Trustees' and this is the terminology used in the model Articles of Association.
- 1.6. **The Members:** The Members 'own' the Academy Trust in the same way that shareholders of a commercial company would, save that Members cannot receive dividends from an Academy Trust. They have a number of statutory rights reserved to them (including the right to remove a Director in certain circumstances, to receive the accounts and, in this case, to appoint a proportion of the Directors).

2. General duties of Trustees as Directors of the Academy Trust

- 2.1. As Trustees of the new academy trust, you will be:
 - 2.1.1. A Director of the company for the purposes of company law; and
 - 2.1.2. A charity trustee for the purposes of charity law.
- 2.2. As a general principle, you will have a general 'fiduciary duty' to the Academy Trust. This means that you have a duty to act honestly, in good faith and in the best interests of the Academy Trust at all times. You must use the powers granted to you for the purposes for which they were conferred (i.e. to run the Academy trust).
- 2.3. You must avoid making any 'secret profit' from your position and should ensure that nothing arises from your activities that gives rise to personal gain unless authorised by the Academy Trust's Articles of Association (see Article 6).

3. The 'Companies Act 2006 duties'

3.1. Recent company legislation set down seven duties which you as Trustees will need to bear in mind. In summary, these are:

3.2. **To act within powers:** You will need to act in accordance with the Articles of Association of the Academy Trust and only exercise your powers for the purposes for which they are conferred. In practical terms, this means that you must ensure that money is spent for the purposes of the objects of the Academy Trust, which are:

"to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum (the Academy trust)."

3.3. You will also need to be satisfied that you have the requisite powers to pursue a particular activity. The powers which the Trustees have are set out in the Memorandum along with a catch all power which is:

"to do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Object".

3.4. If you do not use the assets of the Academy Trust in furtherance of the Objects, or if you lack the necessary powers, you could technically be in breach of trust and be personally liable to make good any loss suffered by the Academy Trust (see paragraph 5 for further information). If the Trustees are in any doubt, they should take advice.

3.5. **To promote the success of the Academy trust:** You should act in a way you consider would be most likely to promote the success of the Academy Trust as a whole. In so doing, you should have regard to:

3.5.1. The likely consequences of any decision in the longterm;

3.5.2. The interests of the Academy Trust's employees;

3.5.3. The need to foster the Academy Trust's business relationships with suppliers, customers and others;

3.5.4. The impact of the Academy Trust's operations on the community and the environment;

3.5.5. The desirability of the Academy Trust maintaining a reputation for high standards of business conduct; and

3.5.6. The need to act fairly as between the beneficiaries (which include the current and future pupils of the Academy Trust).

3.6. **To exercise independent judgment:** You must be free to make decisions untainted by any considerations of private gain or other conflicts. You must only act in the best interests of the Academy.

3.7. If a conflict of interest arises, it should be handled with transparency and in accordance with the procedure set out in Article 98 to 99 of the model Articles of Association. Further information in relation to conflicts of interest is set out below.

3.8. Please note that an elected or appointed Governor must act independently of its nominating

body and act in the best interests of the Academy Trust. Trustees nominated by the local authority or those elected by staff or parents should be particularly aware of their own personal interests.

- 3.9. **To exercise reasonable care, skill and diligence:** You must exercise the care, skill and diligence that would be exercised by a reasonably diligent person with both:
 - 3.9.1. The general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by a Governor of an Academy Trust (the 'objective' test); and
 - 3.9.2. The general knowledge, skill and experience that you actually have (the 'subjective' test).
- 3.10. At a minimum, Trustees must display the knowledge, skill and experience set out in the objective test, but if you have specialist knowledge, (for example you are an accountant or lawyer), the higher subjective standard must be met for matters which relate to that specialist knowledge. For example, an accountant Governor may be held to a higher standard in relation to financial matters.
- 3.11. Trustees who doubt their own ability to take on a particular role should make sure that in accepting the position they are not accepting responsibilities which they will be unable to discharge.
- 3.12. **To avoid conflicts of interest (and payments from the Academy Trust):** As mentioned above, you are under a duty to act without regard to your personal position and without conflict between your duty to the Academy Trust and your own interests. This means that, in general, Trustees must act entirely voluntarily without payment or any other sort of tangible benefit.
- 3.13. Trustees must not receive any benefit from the Academy Trust in return for any service they provide to it unless they have express legal authority to do so. That legal authority can come from the Articles or under legislation. The only benefits authorised in the Academy Trust's constitution are those contained at Article 6 of the Articles of Association.
- 3.14. The prohibition from receiving benefits is not limited to monetary payments and 'benefits' to you yourself, but also includes those to spouses, partners, relatives and other persons connected to you.
- 3.15. **Not to accept benefits from third parties:** This is unlikely to be an issue for Trustees of A Academy trust, but you must not accept a benefit from a third party (for example a contractor who is interested in working with the Academy trust) which has been given to you by reason of:
 - 3.15.1. You being a Governor; or
 - 3.15.2. You doing (or not doing) anything as a Governor unless acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.
 - 3.15.3. **To declare an interest in a proposed transaction or arrangement:** As you would have been asked previously as a Governor of a maintained school, you will be asked to complete a form detailing your 'business interests' (such as your employer and any shareholdings you might have) once a year. You will also be expected to notify the Academy Trust via the Clerk to the Governing Body should any other interests arise which may expose you to a conflict of interest and to follow the procedure in the Articles as referred to above.

4. Administrative duties of directors

- 4.1. Directors also have several administrative duties, most of which flow from the Article of Association of the School and other relevant legislation.
- 4.2. **To hold and attend meetings:** Governing Body meetings are likely to be the focus of most

your efforts as a Governor. Specifically, in the context of Trustees' meetings, you have the following duties:

- 4.2.1. To attend meetings (having carefully read and considered the agenda and briefing papers);
 - 4.2.2. To participate in meetings in a reasonable, objective and prudent manner, not allowing prejudice to impinge on the debate and decision-making process; and
 - 4.2.3. To contribute actively to the Governing Body in giving firm strategic direction to the Academy Trust, setting overall policy, defining goals and setting targets and evaluating performance against agreed targets.
- 4.3. The responsibilities in relation to holding meetings are ultimately those of the Trustees. However, in practice most of these will be delegated to the Clerk to the Governing Body. They include ensuring notice of meetings is properly given and that accurate minutes of meetings are taken.
- 4.4. This is no doubt what would also be expected of a governor in a maintained school.
- 4.5. **Other statutory obligations:** A number of these obligations are contained in the Companies Act 2006 and in other legislation. They include administrative duties such as the duty to keep the statutory books (e.g. registers of Trustees) up to date and the duty to file annual accounts.
- 4.6. Other legislation which the Trustees will need to be mindful of includes:
- 4.6.1. Insolvency Act 1986 (e.g. where a company continues to trade when the directors knew, or ought to have known, that there was no reasonable prospect of the company avoiding insolvent liquidation or if the Directors knowingly continue to carry on business with the intention of defrauding creditors in the knowledge that there was no reasonable prospect of the creditors being paid by the company);
 - 4.6.2. Health and Safety at Work etc Act 1974 places overall responsibility for health and safety in respect of anyone affected by the Academy trust's activities with the Trustees. The Trustees have collective and individual responsibility (along with senior leadership team) for compliance with health and safety legislation and guidance. In practice, these obligations are similar to those which applied to the Trustees of the foundation school;
 - 4.6.3. Environmental legislation (if it is shown that the Director contributed to a breach through consent, connivance or neglect); and
 - 4.6.4. Company Directors Disqualification Act 1986 (if a Director acts while disqualified).
- 4.7. **Administrative duties:** There is a requirement to keep a register of the Directors in the company's statutory books. Companies House also requires details of all Directors, which must be kept up to date. A form must be submitted whenever a new Director is appointed (Form AP01), or a Director resigns (Form TM01) or there is a change to a Director's personal details provided to Companies House (Form CH01).

5. Liabilities

- 5.1. As a limited company, the starting point is that the Academy Trust is liable for the debts of the Academy trust, not the Trustees or Members. It is the Academy Trust which enters into contracts, sues and is sued and holds title to the various assets of the Academy trust.
- 5.2. In addition, as a limited company, the Academy Trust can be held criminally and civilly liable for regulatory breaches, including breach of the Health and Safety at Work etc Act 1974, breach of other related health and safety and environmental legislation and breach of the Corporate Manslaughter and Corporate Homicide Act 2007.
- 5.3. **Personal liability of Members:** The liability of the Members is limited to the nominal sum they agree in the Articles to contribute on dissolution of the Academy Trust (i.e. £10). This

would only be called upon if the Academy trust's assets (including the school site) did not cover all of the debts of the Academy Trust on it being wound up.

- 5.4. **Personal liability of Trustees:** As Directors of a limited liability company, the Trustees have 'limited liability' which means that they cannot be personally responsible for the debts of the Academy Trust which are properly incurred.
- 5.5. The Articles of Association expressly provide that the Trustees, officers and auditors of the Academy Trust are entitled to be indemnified by the Academy Trust if they incur any costs as a result of successfully defending legal proceedings or successfully making an application for relief from liability to the Court.
- 5.6. However, Trustees may become personally liable if they act in breach of the above duties and statutory / regulatory obligations. However, the circumstances in which payment would actually need to be made are very limited on the basis that:
 - 5.6.1. Trustee indemnity insurance is put in place to protect Trustees. Provided that the terms of the insurance policy are complied with (e.g. premiums are paid up and circumstances which could give rise to a claim are notified to the insurer), this will protect Trustees unless the claim relates to:
 - (a) any act or omission which the trustees knew to be a breach of trust;
 - (b) a breach of duty which was committed by the trustees in reckless disregard of whether it was a breach of trust or breach of duty or not; and / or
 - (c) if it relates to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as trustees.
 - 5.6.2. In addition to trustee indemnity insurance, the Courts and the Charity Commission have a power to relieve a trustee from personal liability where it is considered that a Governor has acted honestly and reasonably and it is fair in the circumstances to do so, notwithstanding the consequences of his or her breach. Where, on the other hand, the Governor has been involved in misconduct or mismanagement that was clearly intended or undertaken recklessly, the Court or Commission is unlikely to relieve him or her from personal liability.
- 5.7. Trustees of maintained schools can be made responsible for losses caused to a school where they have acted in bad faith. Therefore, the position can be considered broadly similar for Trustees of an Academy trust.

6. Conclusion

- 6.1. The personal liability explained above is rare, and Trustees who have followed the requirements in this advice note will generally be protected. We do recommend that Trustees also read one of the Charity Commission's publications *CC3: the essential trustee: what you need to know* (February 2008) which provides additional details on these matters. This guidance can be found on the following link:
<http://www.charitycommission.gov.uk/publications/cc3.asp>
- 6.2. In practice, Trustees will find themselves broadly in the same position as Trustees of an Academy than as Trustees of a maintained school, albeit with increased responsibility for the finances of the school.
- 6.3. Finally, if there are any areas where Trustees are concerned about their duties or the legality of a particular activity at the school, Trustees should seek legal advice.

Appendix 5: List of Trustees/Governors



Mersey View Learning Trust

Role	Name
Chair of Trustees	Jan Vicary
Vice Chair of Trustees	Kerry Beirne
Trustees	Stephen Cowperthwaite
	Paul Horwood
	Mark Dale
	David Hird
	Jacqui Patterson
Chief Executive Officer (interim)	Ruth Baldwin (to 11 August 2025)
Chief Executive Officer	Rachel Goodwin (from 11 August 2025)
Chief Finance Officer	Sofia Palios (from 14 July 2025)
Chief Operations Officer	Mel Wright (interim CFO to 14 July 2025)
Lead Governance Professional	Mel Wright

[Insert school name] Local Governing Body

Chair of Governors	
Vice Chair of Governors	
Parent Governors	
Community Governors	
Staff Governors	
Head Teacher	

Appendix 6: Authorised Signatories



Cheques issued on public fund accounts require two signatures from the following authorised signatories:

Name	Title
1. Mrs Ruth Baldwin	Chief Executive Officer (interim to 11 August 2025)
2. Mrs Rachel Goodwin	Chief Executive Officer (from 11 August 2025)
3. Ms Sofia Palios	Chief Finance Officer (from 14 July 2025)
4. Mrs Mel Wright	Chief Operations Officer (interim CFO)
5. Mr Shaun Morrow	Finance Manager