



**Finance Policy  
September 2017**

## Finance Policy

The main purpose of this Finance Policy is to set a framework for sound financial management and boundaries within which the CEO, Governors and staff can operate. The Severn Academies Educational Trust's financial arrangements comply with the current Academy Financial Regulations and will be updated as required.

**This Finance Policy was agreed on behalf of The Board of Directors of Severn Academies Educational Trust at the Finance Committee meeting on Wednesday 1 February 2017.**

**Signed by:**

**CEO/Accounting Officer:** .....

**Chairman:** .....

The Finance Committee will ensure compliance with the requirements of the Academy Financial Handbook, funding arrangements and other relevant documents. Good working practices will ensure that:

- Financial planning secures the academy's short and long term financial health.
- Governors and managers are kept well informed of the academy's current and forecast financial position.
- The academy has in place sound internal controls and risk management over its operations.
- Proper and regular use of public funds and that the academy can demonstrate that funds granted by Parliament have been used as intended.
- Governors must ensure that the academy operates in a transparent, ethical and accountable way.

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## 1. Purpose & Scope

The purpose of this Finance Policy and associated procedures is to ensure that the Severn Academies Educational Trust (SAET) "the Trust" maintains systems of financial control which conform to the requirements of propriety and of good financial management.

Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities.

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education Funding Agency (EFA) and the requirements of the Master Funding Agreement (FA) between the Secretary of State of the Department of Education (DfE) and SAET.

The Trust must ensure economy, efficiency and effectiveness in the use of its funds.

This policy includes other specific financial policies which ensure delivery of these principles; anti-fraud policy, declaring business interest, charging and remission, best value, use of debit card, disposal and write off, procurement, virement and whistleblowing.

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

## 2. Organisation

The Trust has defined the responsibilities of each function and persons involved in the financial administration of the Trust to provide a framework of accountability in accordance with the scheme of delegation.

All Board and Committee members receive ongoing training and development to meet the evolving needs of the Trust. New members will receive a detailed induction programme appropriate to the role.

### 2.1 Board of Directors:

The Board of Directors has wide responsibilities defined under statute, regulations and the FA. These are set out in the role of the Trust and its governance arrangements. These include:

- agreeing the long-term financial objectives of the Trust;
- ensuring that Grants from the DfE are used only for the purposes intended;
- ensuring budgets recommended by the Local Governing Bodies (LGB) of each Academy within the Trust are in line with the overall objectives of the Trust;
- delegating day-to-day financial management of the trust to the CEO;
- the approval of the annual budgets and any material changes;
- receiving reports on the expenditure against budget;
- making decisions on actual financial requests from LGBs and committees;

- the appointment of auditors;
- the appointment of internal auditors;
- reviewing the reports of auditors;
- authorising contracts according to approved limits;
- the approval of the annual accounts;
- the appointment of the Chief Executive Officer and the Chief Financial Officer.
- agreeing the membership of the Finance Committee annually including the Chairperson;
- reviewing annually the Finance Policy and Scheme of Delegation;
- reviewing annually the Terms of Reference of the Finance Committee;
- ratifying and monitoring the Trust's Health & Safety Policy;
- ratifying and monitoring the Security and Safeguarding Policy;
- monitoring the Facilities Management of the Trust;
- the approval of any trading companies, subsidiaries or joint ventures.

## **2.2 Local Governing Bodies:**

Each LGB has oversight of their academy's budget and works in conjunction with the Headteacher/Principal, CEO and CFO to ensure the sound financial management of the academy in line with the overall objectives of the Trust.

Particular responsibilities include:

- recommendations to the Trust to approve the annual budget plan;
- ensuring the Register of Pecuniary/Business Interests is kept up-to-date;
- making decisions on expenditure and budget virements within approved limits;
- receiving and commenting on financial reports;

## **2.3 Finance Committee:**

The Finance Committee is a sub-committee of the Board of Directors. The Finance Committee meets regularly in line with board meetings, however more frequent meetings can be arranged if necessary.

The main responsibilities of The Finance Committee are detailed in written Terms of Reference which have been authorised by the Board.

The main responsibilities include:

- approval of the annual budget having considered the Trust's development and management plan;
- ensuring the annual accounts are produced in accordance with the requirements of the *Companies Act 1985* and the Academies Financial Handbook;
- providing guidance to the Board on financial matters;
- monitoring the financial affairs of the Trust and to report as appropriate to the Board;
- agreeing financial policies for full Board approval;

- considering the reports of the External Auditors and Responsible Officer;
- monitoring finance reporting to the DfE;
- making recommendations to the Board regarding contracts over £50,000;
- monitoring staffing and resources across the Trust;
- benchmarking;
- agreeing the SAET Pay Policy;
- monitoring the Risk Register and reviewing Risk Management Procedures.

#### **2.4 Internal Audit & the Role of the Responsible Officer:**

The Internal Auditors are appointed by the Board of Directors (through the Finance Committee). The main responsibilities of the Internal Auditors are to provide the Directors with independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- the resources are being managed in efficient, economical and effective manner;
- sound systems of internal financial control are being maintained;
- financial considerations are fully taken into account when reaching decisions;
- providing a report of the findings to the Finance Committee.

#### **2.5 Chief Executive Officer (CEO):**

The CEO is the Accounting Officer with responsibility for the propriety and regularity of the public finances for which they are answerable. The responsibilities are outlined in the Academies Financial Handbook and include:

- the initial review and authorisation of the budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring annual accounts are produced in accordance with the requirements of the Companies Act 1985;
- ensuring that the regular reports to the Board are full and accurate;
- ensuring statutory compliance in all areas;
- authorising orders, payments and awards of contracts within approval limits;
- authorising changes to the Academies' personnel establishment.

#### **2.6 Academy Headteacher/Principal:**

The CEO has overall executive responsibility for the Academies' financial activities. Much of the financial responsibility has been delegated to the Chief Financial Officer (CFO).

The Headteacher/Principal has responsibility for:

- agreeing the delegated budget and authorisation responsibility within the Academy;

- approving new staff appointments within the authorised establishment, except for any Headteachers/Principals and Deputy Headteachers/Deputy Principals which must be approved by the Directors;
- monitoring the regular budget reports and acting on overspends or risk.

## **2.7 Chief Financial Officer:**

The Chief Financial Officer works in close collaboration with the CEO and is responsible to the Directors.

The main responsibilities of the Chief Financial Officer are:

- the management of the academy financial position at a strategic and operational level in conjunction with the CEO;
- the maintenance of effective systems of financial control;
- submitting grant applications, reports and returns to the DfE, EFA, the Teacher's Pension Agency and HMRC;
- ensuring that annual accounts are properly presented and adequately supported.
- preparation of monthly management accounts;
- virement decisions within agreed budgets, within Committees and Local Governing Body (LGB) delegated powers;
- authorising orders, payments and the award of contracts within agreed limits.
- preparation of the VAT return.

## **2.8 Schools Accountant:**

The Schools Accountant works in close collaboration with the Chief Financial Officer.

The main responsibilities of the Schools Accountant are:

- the day to day management of financial issues;
- preparation of monthly management accounts;
- authorising requisitions and payments within agreed limits;
- reconciliation of all bank accounts every two weeks;
- payroll in conjunction with Liberata (current SLA) and CFO;
- liaising with PS Financials system support and IT to deliver solutions and training to Academy Finance Staff.

## **2.9 Academy Finance Staff**

- Members of the Finance Team and budget holders have specific financial responsibilities.
- All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conforming to the requirements of the Trust's financial procedures.

### 3. Conflict of Interest

**3.1** It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Directors, Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

**3.2** Any member of staff in receipt of an individual gift or hospitality over a value of £50.00 must declare this to the Finance Office for inclusion on the 'Gifts and Hospitality Register'.

#### **3.3 Register of Business Interests**

It is important that the Trust, Governors and staff not only act impartially, but are also seen to act impartially. The Trust, LGBs, Committees and Academy staff have a responsibility to avoid any conflict between their business and personal interests/affairs and those of the trust and schools. There is a legal duty on all Governors to declare an interest likely to lead to questions of bias when considering any item of business at a meeting and for the Governor concerned to withdraw, if necessary, whilst the matter is considered.

To help put this duty into practice, the Trust and Governing Body is required to establish and maintain a register indicating individuals' Business/Pecuniary Interests. This should include, if appropriate, the company by whom they are employed, directorships, significant shareholdings or other appointments of influence within a business or other organisation which may have dealings with the academy.

The register includes an entry for all of the Trust, Governors, Associate Members, the CEO, the Headteachers/Principals and the Clerk to the Governing Body.

- Individuals should include their own interest and those of any member of their immediate family (including partners) or other individuals known to them who may exert influence.
- The register sheet must be signed and dated by the individual and countersigned by the Chair of the Trust/CEO/Chair of the LGB/Principal to indicate that he/she has noted any declarations.
- The CFO, in conjunction with Clerk to the Governing Body, should ensure that the register is up to date and complete. Dated nil returns are also required.
- The forms must be renewed annually.
- The completed register will be kept up to date by the Trust Clerk, but retained in the SAET Finance Office and made available on request to the Trust, Audit Committee, LGBS, Headteacher/Principal, staff, parents/carers and auditors.



- The form completed by the Chair of the Trust should be countersigned by the CEO. The form completed by the CEO should be countersigned by the Chair of the Trust.
- The form completed by the Chairs of the LGBs should be countersigned by the Principal. The form completed by the Principal should be countersigned by the Chair of the LGB.

The register enables the Trust to demonstrate that in spending public money they do not benefit personally from decisions that they make. The register contains, as a minimum, the elements shown on the attached sheet.

### **3.4 Other Staff with Financial Responsibility**

It is also a requirement for all individuals in a position to influence financial decisions within the Trust and schools, to complete a form declaring any Business/Pecuniary Interests. These forms should be countersigned by the CEO and the Headteacher/Principal to indicate that he/she has noted any declarations. Where a staff member is also a Governor, Associate Member of the Governing Body or is Clerk to the Governing Body, their form should be countersigned by the Chair of the LGB who should bring any declared interests to the attention of the Headteacher/Principal.

### **3.5 Opportunity to Declare Interests at Meetings**

There is a standing agenda item at every meeting (including Committee Meetings) called 'Declaration of Pecuniary Interest' to allow the Trust and Governors the opportunity to declare ANY additional interests relating to items on the agenda.

## **4. Income**

**4.1** Academies are funded on the same basis as maintained schools and receive annual funding allocations from the Education Funding Authority (EFA).

- All schools and academies receive most of their funding based on the total number of students. Student numbers are derived annually from the School Census or the estimated school numbers, in the case of new academies, as stipulated in the Funding Agreement.
- Academies are funded through the Education Funding Authority (EFA).
- The notional Special Educational Needs (SEN) budget for academies is also worked out the same way as for local schools and is received directly from the Local Authority (LA). The formula usually gives more money to schools that have more students on free school meals (FSM) and those that are not doing so well with English and mathematics.
- The EFA provides funding for academies from September to August, in line with the academic year.
- Capital and Pupil Premium allocations are paid outside the General Annual Grant (GAG) yet directly from the EFA. The Pupil Premium is additional

funding given to publicly funded schools and academies in England to raise the attainment of disadvantaged students and close the gap between them and their peers;

- 16 - 19 Funding is received separately from the EFA. 16 - 19 Funding is calculated using a funding formula which incorporates factors such as student numbers, student retention, higher cost subjects, disadvantaged students and area costs. Student number statements are sent out in January and reflect the current situation. These form the basis of the provisional allocation for the following year; lagged funding.

**4.2** As part of the reconciliation procedures, the CFO will ensure that the monthly budget allocations to the bank account are made on time by the EFA and all other relevant agencies.

**4.3** The Chief Financial Officer is responsible for ensuring that all other allocations of money due to the Trust are made on time by the EFA and all other relevant agencies.

**4.4** The academies also receive additional income from:

**4.4.1 Students:** mainly to cover the cost of school meals and educational visits.

Educational opportunities provided at SAET academies during school hours are available to students regardless of the ability to pay and that other activities are charged for in a fair and transparent way.

**4.4.2 Early Years Nursery Provision:** nursery fees are charged to parents/carers where childcare provided is more than the agreed number of funded hours provided by the Government through the Local Authority. The Headteacher of the nursery setting has the authority to set the charges for the provision to ensure costs are covered and the continued financial viability of the setting.

**4.4.3 Wrap Around/Outside Hours Care Provision:** academies providing 'wrap around' care for pupils (e.g. Breakfast Club, Afterschool Club, etc.). The Headteacher of the academy has the authority to set the charges for the provision to ensure costs are covered and continued financial viability of the provision.

#### **4.5 Charging & Remission Policy**

In accordance with the *Education Reform Act (1988)* and *Sections 449 - 462 of the Education Act (1996)* no charges are to be made for any books, materials, equipment or apparatus used during school hours.

The Charging Policy is applied in line with *Section 457 of the Education Act (1996)* which for example allows charges to be made for residential school trips and artefacts made in school and taken home.

#### **4.5.1 Voluntary Contributions:**

Where the academy cannot levy charges and it is not possible to make these additional activities within the resources available to the academy, the academy may request or invite parents/carers to make a contribution towards the cost of the trip or activity. Students will not be treated differently according to whether or not their parents/carers have made any contribution in response to the request or invitation. Where there are not enough voluntary contributions to make the activity viable, then it will not take place.

No student will be disadvantaged as a result of family circumstances. A Remissions Policy will be applied; the charges may be remitted in part or full as 'reasonable' in particular circumstances.

#### **4.5.2 Remissions Policy:**

The statutory arrangements for the remission of charges cover parents/carers in receipt of Income Support, Family Credit, Jobseekers' Allowance (payable under the Jobseekers Act 1995) or Disability Working Allowance charges in respect of 'Board and Lodging' (*section 2*), 'Materials' (*section 4*) and 'Activities Outside School Hours' (*section 6*).

Those parents/carers must receive full remission of 'board and lodging' charges, where the activity takes place 'out of school' hours or the activity is necessary for a prescribed public examination or the National Curriculum. In other circumstances the school can make a contribution, depending on the family circumstances, towards the cost of the visit, at the Headteacher/Principal's discretion.

The Headteacher/Principal may remit, in full or part, charges in respect of a pupil, as is reasonable in the circumstances.

The Headteacher/Principal may decide not to levy charges in respect of a particular activity, if it is reasonable in the circumstances.

#### **4.5.3 Contingency Money:**

This may be included for emergency situations. Where, after the visit, there is a significant financial surplus, money should be shared evenly between the contributors, unless written agreement has been received to the contrary.

#### **4.5.4 Specific Examples of how the Charging Policy will be applied:**

##### ***Educational Day Visits:***

- No charge will be levied in respect of day visits that take place during school hours or are part of the curriculum.

##### ***Residential Visits:***

- For those which are essential to the curriculum, statutory religious education, preparation for prescribed examinations, a charge will be levied for board and lodging.

- For those which are not essential to the curriculum, statutory religious education, preparation for prescribed examination, a charge will be levied for the full cost if the amount of school time is less than half of the total time of the trip. If the amount of school time is half or more of the total time of the trip, a charge will be levied for board and lodging.

***Examination Entries:***

- A charge will be levied in respect of examination entries for students where the academy has not prepared the student for the examination;
- A charge will be levied in respect of examination entries for students where the academy has prepared the student for the examination and it considers that for educational reasons the student should not be entered and the student's parent/carer wishes the student to be entered (or the student him/herself when over 18 years old).
- A charge will be levied where a student fails, without good reason, to complete the requirements of any public examination where the academy paid or agreed to pay the entry fee.
- A charge will be levied for students who elect to re-sit an examination; in accordance to the academies policy.

***Materials & Textbooks:***

- Where a student or parent/carer wishes to retain items produced as a result of art, craft and design or design and technology, a charge may be levied for the cost of the materials.
- In the case of Food Technology, students usually provide their own ingredients, however if the student forgets, a charge can be levied if ingredients are provided.
- Textbooks are provided free of charge, however in some subjects, additional revision guides are made available, for which a charge is made.

***Music Tuition:***

- At present, external peripatetic providers levy charges in respect of individual music tuition. Academies can charge parents/carers for the provision of music tuition to students.

***Out of School Activities:***

- No charge will be made for activities outside school hours that are part of the curriculum or religious education, or that form an essential part of the syllabus for an approved examination.
- If a student is prepared, outside school hours, for an examination that is not set out in regulations (the full list of which is available from the academy), a charge will be levied for tuition and other costs.
- For all other activities outside school hours, a charge up to the cost of the activity could be levied.

***Damage/Loss to Property:***

- A charge will be levied in respect of wilful damage, neglect or loss of academy property (including premises, furniture, equipment, books or materials), the charge to be the cost of replacement or repair, or such lower cost as the Headteacher/Principal may decide.
- A charge will be levied in respect of wilful damage, neglect or loss of property (including premises, furniture, equipment, books or materials) belonging to a third party, where the cost has been recharged to the academy. The charge to be the cost of replacement or repair, or such lower cost as the Headteacher/Principal may decide.

***Expenses:***

- The school will expect parents/carers to cover any costs involved in interviews at universities, work experience travelling expenses etc. Post-16 Bursary Funding may be available to assist families on low income levels with such expenses. Application for such funding will be dealt with in the strictest confidence and any such application should be made direct to the academy.

***Sale of Items:***

- Departments throughout the school may purchase items in bulk and sell at cost to pupils. Also, examination revision materials may be sold to pupils at cost.

***Other Charges:***

- The Headteacher/Principal may levy charges for miscellaneous services up to the cost of providing such services e.g. copying a student's file.

**4.5.5** The academies may make their facilities available to outside users at a charge of at least the cost of providing the facilities. Letting and hire of the academies is conducted in line with the Lettings Policy for each Academy.

**4.6 Management of Cash/Cheques/Bank Receipts**

- All income received should be recorded immediately and a receipt provided if requested.
- Cash/Cheques received on behalf of Contract Caterers will be passed intact to the Contract Caterer for processing.
- When a receipt is issued a copy will be given to the payer and the duplicate copy kept at the academy.
- All monies received must be banked intact as soon as is practicable.
- Receipts via Parent Pay or other online method must be processed and entered into PS Financials on a daily basis.
- All cheques banked must be entered on the bank paying-in slip and recorded into PS Financials (see below).
- For normal day-to-day transactions, the Academy Finance Staff will be responsible for receiving income and the banking of income.

- The Chief Financial Officer shall periodically check that all the monies due to the schools have been collected and banked.

Subject to the above, an exemption exists to use cash received in respect of the school fund or other academy sources to top-up petty cash floats. This may only happen after reconciliation of the cash has taken place and only with the authorisation of the Schools Accountant/CFO.

Personal cheques will not be cashed from money received and due to the Trust.

The CFO will ensure that all VAT on income is treated in accordance with HMRC VAT rules.

## **5. Financial Planning & Review**

The Trust and each academy will prepare both 3 years and 1 year financial plans in line with the School Improvement Plan.

The plans will be prepared having regard to all known needs of the Trust, the School Improvement Plans and the Asset Management Plan.

The Chief Financial Officer is responsible for working with the CEO and the Headteacher/Principal to draft these.

The Chief Financial Officer is responsible for establishing a schedule which allows sufficient time for the approval process (Operation Committee, LGBs and Board of Directors) to ensure that the submission date to the DfE for the resulting annual budgets is met.

The DfE Financial Calendar details all the submission dates required.

The annual budgets will reflect the best estimate of resources available to the Trust and academies for the forthcoming year and will detail how these resources will be utilised. A balanced budget must be set.

The budget must be communicated to all staff with responsibility for budget areas (budget holders) so that everyone is aware of the available resources.

The CEO is responsible for approval by the Board of Directors.

Monthly reports will be prepared by the CFO. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for the CEO, Headteachers, Principals, Governors and Directors.

The monitoring process should be effective and timely in highlighting variances in order that differences can be investigated and action taken.

## **6. Accounting Systems**

### **6.1 Accounting System**

All the financial transactions of the academy must be recorded on the PS Financials accounting system. The PS Financials system is operated by the Finance Department.

## **6.2 PS Financial Administration**

The PS Financials software allows users to be set up with the appropriate access levels. The PS Financials Administration system restricts the access to the Nominal and Accounts depending on the roles of the web users. Headteachers/Principals are given access to authorise purchase orders entered against the accounts that they are responsible for. The access to the Budget Holder reports, available for viewing on the web portal, is controlled by the PS Financials Administration.

## **6.3 Transaction Processing**

All transactions must be authorised in accordance with this Finance Policy.

## **6.4 Transaction Reports**

The Chief Financial Officer will obtain and review system reports to ensure that transactions are posted to the accounting system correctly. The reports obtained and reviewed will include:

- periodic audit trail reports.
- amendment reports for the purchase ledger, sales ledger and nominal ledger.
- management accounts summarising expenditure and income against budget at budget holder level.

## **6.5 Reconciliations**

The Finance Manager is responsible for ensuring the following reconciliations are performed each month and that any reconciling or balancing amounts are cleared:

- Sales Ledger control account.
- Purchase Ledger control account.
- Payroll control account.
- Petty Cash control account.
- Debit Card accounts.
- VAT control account.

The payment run is authorised by the Chief Financial Officer before the printing of the cheques/BACS processing. These are subsequently authorised in accordance with the bank mandate.

A complete audit trail is maintained on the PS Financials accounting system which is routinely reviewed by the Chief Financial Officer.

# **7. Best Value Statement & Purchases**

## **Best Value Statement:**

The Trust is committed to achieving Best Value for money from all purchases. A large proportion of purchases will be paid for from public funds and must comply with the principles of:

- **Probity** - it must be demonstrable that there is no corruption or private gain involved in the contractual relationships;
- **Accountability** - public accountability for expenditure and the conduct of its affairs;
- **Fairness** - that all are dealt with fairly and equitably.

The principles of Best Value are applied to securing continuous improvement and will ensure:

- all services are of a high quality that provide good value for money, meet the needs of their users and contribute positively to the general ethos of the school;
- resources are deployed to secure the continuous improvement in the means through which the academies functions are exercised;
- all expenditure is relevant to the school/Trust Improvement Plan and is regularly reviewed;
- due consideration has been given to Post OFSTED Inspection Plans (if applicable) in compiling the school budget;
- all premises/supplies and services' contracts agreed by the academies are reviewed periodically and are the most effective, economic and efficient that are;
- the Trust aims to ensure that it is a well-managed organisation that supports and values the contribution made by its workforce.

Appropriate authorisation limits are reviewed annually and approved by the Trust.

Where appropriate, adequate checks are to be made to ensure that the contractors employed have the appropriate DBS check where deemed necessary and Public Liability Insurance Cover, with a minimum value of £5,000,000. It is the responsibility of the Chief Financial Officer to ensure that this is complied with.

## **Purchases:**

### **7.1 Procurement**

#### **7.1.1 Orders less than £1,000:**

No minimum number of quotes, however the purchaser must ensure the academy is obtaining Best Value for Money. Written and verbal quotes are allowed based on purchaser's knowledge. A note to be made of the source, name and amount of other quotes obtained. No formal contract is required.

#### **7.1.2 Orders over £1,000 but less than £10,000:**

At least two estimates or price lists shall be obtained for all orders between £1,000 and £10,000, these are retained by the academy for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

#### **7.1.3 Orders over £10,000 but under £50,000:**

At least three written estimates shall be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/services.



Written details of documents obtained shall be prepared and retained by the academy for audit purposes. Telephone quotes are not acceptable.

#### **7.1.4 Orders over £50,000 but under £164,176:**

At least three written quotations (preferably fixed price) shall be obtained for all orders between £50,000 and £164,176 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by the academy for audit purposes. Telephone quotes are not acceptable.

#### **7.1.5 Orders over £164,176:**

All goods/services ordered with a value over £164,176, or for a series of contracts which in total exceed £164,176, must be subject to formal tendering procedures. Purchases over £164,176 excluding VAT (threshold until 31/12/2017) may fall under EU procurement rules which require advertising in the Official Journal of the European Union (OJEU). Guidance on the OJEU thresholds is available at: [www.gov.uk/guidance/buying-for-schools](http://www.gov.uk/guidance/buying-for-schools).

#### **7.1.6 Forms of Tenders:**

There are three forms of tender procedure: open, restricted and negotiated, the circumstances in which each procedure shall be used are described below:

- **Open Tender:** this is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CEO how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** this is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs;
  - a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academy's requirements;
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** the terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders;
  - only one or very few suppliers are available;
  - extreme urgency exists;

- additional deliveries by the existing supplier are justified.

#### **7.1.7 Preparation for Tender:**

Full consideration shall be given to:

- the objective of the project;
- the overall requirements;
- the technical skills required;
- aftersales service requirements;
- the form of contract.

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

#### **7.1.8 Invitation to Tender:**

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

An invitation to tender shall include the following:

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

#### **7.1.9 Aspects to Consider**

##### ***Financial:***

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

##### ***Technical/Suitability:***

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

##### ***Other Considerations:***

- Pre-sale demonstrations;
- Aftersales service;

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

## **7.2 Tender Acceptance Procedures**

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

## **7.3 Tender Opening Procedures**

All tenders submitted shall be opened at the same time and the tender details shall be recorded. Two persons shall be present for the opening of tenders as follows:

- **For contracts up to £50,000** - two of either the academy Finance Lead Officer, CFO or the Headteacher/Principal;
- **For contracts over £50,000** - the CFO, CEO and the Headteacher/Principal plus a member of the Finance Committee.

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

## **7.4 Tendering Evaluation**

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

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

**7.4.3** Full records shall be kept of all criteria used for evaluation and for contracts over £50,000. A report shall be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria shall be reported to the Finance Committee.

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

**7.4.5** The accepted tender shall be the one that is economically most advantageous to the academy. All parties shall then be informed of the decision.

## 7.5 Routine Purchasing

**7.5.1** Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Online access to actual spend and committed versus budget will ensure this.

**7.5.2** Purchase invoices can originate in the two streams:

- ***through the Purchase Ordering process*** - this will be the standard purchasing process.
- ***not through the Purchase Ordering process*** - this will be used for such expenditure as rent, utilities i.e. water, gas, electricity and telephone, refuse disposal and sanitary bins collection, franking machine top-up, supply cover (short term), examination fees, educational visit costs, payment against contracts (i.e. photocopiers, security, catering, cleaning, water coolers, etc.), payments against Service Level Agreements (i.e. payroll provider, Occupational Health, etc.), emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or maintenance calls), transport costs.

### 7.5.3 Ordering:

#### a. ***PS Financial Web Portal***

Purchase orders are entered on the web portal by Academy Finance Staff against the nominal accounts that have been assigned to the academy and budget availability checked. The list of authorised suppliers is controlled by the Academy Finance Staff and new suppliers are added on the approval of the Headteacher/Principal.

The web portal gives the Headteacher/Principal reports in real-time actual to date, commitments, budget and balance remaining.

#### b. ***PS Financial Distribution***

- Purchase Order Authorisation (POAUT).
- Delivery notes (GRN).
- Invoices (INV).

The authorisation of Purchases Orders (POAUT) is restricted to the Headteacher/Principal, Schools Accountant and Chief Financial Officer.

The goods are receipted by the Finance Staff (GRN) on the PS web portal and matched to invoices (INV). Separation of duties is adhered to as the budget holders sign the invoices as confirmation that goods and services have been received. If any goods are rejected or returned to the supplier, because they are not as ordered or are of sub-standard quality, the Academy Finance Staff should be notified. The Academy Finance Staff will keep a central record of all goods returned to suppliers. Before signing the invoice, the budget holder must make a detailed check against the order and the GRN and these documents

must be attached to the invoice before it is sent back to the Finance Office for processing. Budget holders must undertake these checks without undue delay and in any case within five working days of invoice receipt.

The workflow ensures that without the necessary authorisation at each stage of the purchasing process, by the approved staff, that the order will not progress to the next level.

**c. PS Financials Document Mailer**

The authorised orders and sales invoices are communicated to the suppliers and customers by email by the Academy Finance Staff. It also allows BACS remittance advices to be sent to suppliers.

## **7.6 Cheques/BACS Purchase Payments**

- BACS payments authorisations/cheque signatories are any two from the Trust's Bank mandate and in accordance of the regulations contained in the scheme of delegation.
- All cheques must be signed within 24 hours of the being raised. BACS files must be authorised online on the day of creation.
- It is accepted that it is good practice for the person raising the payment not to be one of the signatories/authorisers of the payment.

**7.6.1** Academy Finance Staff are designated to control cheques and must ensure that:

- all cheques are securely stored;
- all cheques are entered correctly on the financial management system;
- spoiled cheques are marked as cancelled and retained;
- minimum re-order levels are established;
- a system of periodically ensuring that all cheques are properly accounted for, i.e. they are still in stock or have been used;
- BACS authorisers must ensure cards/PIN No's are safely stored and not shared with another person.

**7.6.2** If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, payments will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the *Late Payments of Commercial Debts (Interest) Act 1998*.

**7.6.3** The CFO, in conjunction with all Academy Finance Staff, to ensure that all prime records are retained for six financial years plus current year and stored in a secure cabinet (or similar) in a secure and logical manner.

**7.6.4** Original invoices must be marked to ensure duplicate payments are not made, together with details of the cheque number, date sent etc.

**7.6.5** Copy invoices are not to be paid until exhaustive checks have been made to confirm that payment has not previously been made. References back to

the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice 'invoice not previously passed for payment' and signing.

**7.6.6** Payments are not to be paid against statements to suppliers.

## **8. Bank Accounts**

- 8.1** The opening of all accounts must be authorised by the CEO and CFO who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.
- 8.2** All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of authorised signatories.
- 8.3** The Trust's bank and/or building society must be informed that the Trust's accounts must never become overdrawn.
- 8.4** Where the cash flow position is such that the bank account might become overdrawn, then the CEO has the authority to request from the EFA an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Chief Financial Officer, Trust, Chairperson of the Finance Committee at the next meeting, together with an explanation as to the reasons why and the additional cost to the Trust in terms of interest charged.
- 8.5** The Trust will maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account.
- 8.6** Surplus balances are transferred to a high interest or deposit account as cash-flow allows on working days.
- 8.7** Direct Debits and Credits will only be made with the authorisation of any two signatories from the Trust's mandate.
- 8.8** For any Direct Debit or Credit authorisation over £5,000, then one of the signatories must be the CFO.

## **9. Investments**

Investments must only be made in accordance with written procedures approved by the Board.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional

procedures will be implemented to ensure any income receivable from the investment is received.

## **10. Payroll**

**10.1** The main elements of the payroll system are:

- Staff appointments;
- Payroll administration and payments.

**10.2** Payroll is administered by Liberata who liaise with Academy Finance and HR Staff to ensure the accurate management of SAET Payroll. Liberata operate under the terms of a Service Level Agreement with SAET.

**10.3** As part of the annual budget process The Board of Directors will approve a staff structure for the Trust and Academies.

**10.4** The CEO and the Headteacher/Principal have the authority to appoint staff within the authorised structure, including supply staff, except for the Chief Executive, Headteacher/Principal and the Chief Financial Officer whose appointments must be approved by the Directors.

**10.5** Changes to staff pay can be approved by the Headteacher/Principal within the agreed School Budget. Actions outside the agreed budget require CEO approval.

**10.6** New appointments, any subsequent amendments to an employee's terms of employment and terminations of employment will be notified to the pay provider by the required means.

**10.7** Staff overtime and supply claims can be approved by the Headteacher/Principal and the Chief Financial Officer or CEO within the agreed School Budget.

**10.8** The monthly payroll must be approved by the Chief Financial Officer prior to salaries payment.

**10.9** The Chief Financial Officer and Academy Finance Staff will ensure that the staffing spreadsheets are up dated to take account of new appointments, amendments, terminations of employment overtime and supply claims.

**10.10** Any payroll transaction relating to the CEO can only be authorised by the Board Chairperson.

## **11. Debit Card Use**

**11.1** The academy maintains a debit card in the name of the Approved Academy employee and the academy to assist in the purchasing of 'on-line' items. All procedures covering approval and payments are the same as for normal purchases.

The main exception being that the all statements must be signed by the CFO. If the CFO has charges relating to the debit card, the Headteacher/Principal will need to countersign the statement.

- 11.2** The school debit card must be kept in a locked facility or safe within the School Office and must not be removed from the academy without written permission from the Headteacher/Principal. It can only be used to purchase goods and services for the Academy Trust by the Headteacher/Principal. It must not be used to make cash withdrawals.
- 11.3** Requests for Internet purchases from budget holders must be made using the Purchase Order Requisition and must be signed by the Headteacher/Principal and Academy Finance Staff before single purchases up to £1,000 are made.
- 11.4** The Business/Finance Manager is responsible for ensuring that a VAT invoice in the correct format is received for all Internet purchases at the time of purchase and is recorded on the finance system within 2 days together with the signed Purchase Order form.
- 11.5** The debit card is linked to a separate school bank account to minimise the risk to school funds in the event of card fraud outside of the reasonable control of the academy.
- 11.6** Funds are transferred from the academy's main bank account to the debit card periodically on an Imprest basis to ensure the account remains in credit.
- 11.7** The debit card bank account will be reconciled on a monthly basis at least by the School Accountant and countersigned by the CFO.
- 11.8** The maximum amount within the debit card bank account will not exceed £1,000 unless written permission has been obtained from the CFO.
- 11.9** To ensure sufficient funds are available for an Internet purchase, the Business/Finance Manager should check the online bank reports prior to purchase.
- 11.10** The use of the school debit card facility is not a substitute for the standard purchase order procedure and must only be used where the principle of Best Value cannot be achieved using the standard purchase order and invoice procedure. Adherence to the standard purchase order and invoice procedure provides additional safeguards of funds and enables payment terms during which queries can be resolved prior to payment. With debit card purchases, payment is usually taken prior to delivery of the goods/services.



## **12. VAT**

- 12.1** The Trust will fall under the central VAT registration and will therefore apply the relevant VAT codes to each financial transaction in accordance with the VAT manual and guidelines.
- 12.2** The Chief Financial Officer is responsible for completing the quarterly VAT returns in the prescribed format and forwarding them to the DfE if requested.

## **13. Petty Cash**

- 13.1** Minor items of expenditure can be paid or reimbursed to staff through the academy's own petty cash system.
- 13.2** Expenditure paid through petty cash must not exceed £50 in any one transaction. Requests for amounts above this limit will require reimbursement via cheque/BACS/Payroll expense claim.
- 13.3** All payments made must be supported by an appropriate VAT voucher signed by the member of staff receiving the cash.
- 13.4** All petty cash will be kept in a locked box in the safe and the Academy Finance Staff will be responsible for the security of their school's petty cash.
- 13.5** The amount of petty cash held in each academy must be kept to a minimum and should never exceed £1000 at any one time. The maximum amount of cash held in the academies at any time must never exceed the insured limit for the safe as set by the academies' insurance cover.
- 13.6** The Academy Finance Staff will be responsible for the monthly reconciliation of the petty cash at the end of the month and entry onto PS Financials. Receipts less payments plus cash in hand should equal the Imprest after taking into account the cash brought forward from the previous month. The reconciliation requires authorisation by CFO and Schools Accountant.
- 13.7** Any special arrangements for obtaining petty cash must be notified to the CFO and agreed.
- 13.8** In exceptional circumstances it may be considered expedient to issue a cash advance to a member of staff to assist in purchasing goods and/or services on behalf of the academy. This is only permitted if the member of staff signs a 'Cash Advance' document signed by the Academy Finance Staff. This 'Cash Advance' does not constitute an approved reimbursement document. The Petty Cash Receipt must be completed in full and lodged with Academy Finance Staff, including any balance of funds within 3 working days.

## 14. Fixed Assets

### 14.1 Inventory/Asset Register

Directors recognise the need to maintain an inventory of equipment in the Trust in order to:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets;
- ensure proper physical control of equipment;
- to provide an up-to-date record of the equipment available;
- to manage the effective utilisation of assets and to plan for their replacement;
- to provide a basis for insurance cover and claims if equipment is damaged or destroyed, e.g. by fire, theft, vandalism or other disaster;
- to enable external auditors to evaluate the annual accounts and the academies' financial position.

**14.2** All items of equipment satisfying the conditions below will be marked with the name and postcode of the academies. As and when they are received entries will be made in the Fixed Asset Register for:

- items valued at £1000 or more at the time of purchase, either individually or as a set;
- attractive and portable items;
- items especially considered by the Headteacher/Principal as being worth including;
- Details recorded will include:
  - Asset description;
  - Asset Number;
  - Serial Number;
  - Date of acquisition;
  - Asset Cost;
  - Expected Useful Economic Life;
  - Depreciation;
  - Current net book value.

**14.3** The inventory will be maintained by the Academy Finance Staff.

**14.4** The school inventories will be checked annually by the Headteacher/Principal and certified correct. All discrepancies are to be notified to the CFO immediately.

**14.5** All disposals should be recorded promptly, showing the method of disposal and the authority for such action.

### 14.6 Disposal & Write-off Policy

#### 14.6.1 Disposals:

- The Headteacher/Principal is authorised to dispose of surplus, damaged or scrap stock, materials or equipment on the best possible terms, where the estimated realisable value of the materials does not exceed £1,000. Where the estimated realisable value exceeds £1,000, the approval of the CEO and Governing Body/Finance Committee shall be obtained;
- If the estimated realisable value of the materials is in excess of £50 but does not exceed £1,000, the proposed disposal shall be advertised on the staff notice board and staff will be invited to submit sealed bids for the items.
- If the estimated realisable value of the materials is in excess of £1,000, quotations shall be invited from at least two sources external to the school. Staff, however are not precluded from also submitting bids.
- Records of disposals shall be kept together with details of bids.
- The new rules for the disposal of electrical and electronic equipment must be complied with (see attached guidance).

#### **14.6.2 Write-offs:**

The Headteacher/Principal is authorised to write-off any debt owing to the academy up to a value of £1,000 for any one item, provided that he/she is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect school meals debts; letters; damage to the school or contents; charges levied by the school (e.g. music tuition). Any debt in excess of this shall be written-off by the Governing Body/Finance Committee. A record of write-offs shall be kept.

### **14.7 Loan of Assets**

**14.7.1** A separate 'Register of Items Removed from the School Site' shall be kept for all items loaned to members of staff and student; all items taken off school sites for any reason shall be entered. In the event of any items not being on site when the inventory is checked, reference shall be made to this Register in the first instance.

**14.7.2** If assets are on loan for an extended period, or to a single member of staff on a regular basis, the situation may give rise to a 'benefit-in-kind' for taxation purposes.

### **14.8 Depreciation**

The Trust will depreciate fixed assets in line with recognised accounting standards, DfE guidelines and external auditors.

## 15. Internal Control

**15.1** The Schools Accountant is responsible for carrying out a mid-month and end of month bank statement reconciliation. All discrepancies are to be reported to the CFO and Bank and investigated immediately.

**15.2** The CFO will be responsible for periodically checking and signing to confirm the checks have been made for both the Delegated Budget and school funds:

- bank account reconciliations;
- system reconciliation;
- VAT returns;
- petty cash reconciliations;
- the appropriateness of payment arrangements in the context of maximising cash flow;
- the use and authorisation arrangements of Direct Debits/Credits.

The CFO is responsible for regularly checking and signing to confirm the checks have been made of payments to monitor that transactions have been properly authorised

**15.3** The income and expenditure report will be issued to the CEO on a monthly basis.

### 15.4 Anti-Fraud Policy

#### 15.4.1 Introduction:

Fraud, bribery, corruption, or other dishonesty, would adversely affect the Trust's reputation and put at risk its ability to achieve its objectives by diverting resources from the provision of education for the students.

The purpose of this Finance Policy is to confirm the academies commitment to preventing and detecting fraud, bribery and corruption.

The *Fraud Act 2006*, which came into force on 15 January 2007, created a single offence of fraud and defined this in three classes:

- false representation.
- failure to disclose information where there is a legal duty to do so.
- abuse of position.

The *Fraud Act 2006* also created four new offences of:

- possession of articles for use in fraud.
- making or supplying articles for use in fraud.
- obtaining services dishonestly.
- participating in fraudulent business.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as:

*"the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."*

Fraud is different to theft, which is defined in the 1968 Theft Act as:

*"A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it."*

A bribe is:

*"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity." [CIPFA]*

There are various bribery offences, including offering or accepting a bribe (*Sections 1 and 2 of the Bribery Act 2010*), bribing or attempting to bribe a foreign official (*Section 6*) and being a commercial organisation failing to prevent bribery (*Section 7*). While the Trust is not a 'commercial organisation' for its normal activities, it is still considered appropriate for it to have regard to guidance relating to the *Bribery Act 2010*.

Corruption is:

*"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."*

The term "fraud" is used throughout this Finance Policy. For the purposes of this document the term also includes theft, bribery and corruption.

The Anti-Fraud, Bribery and Corruption Policy and Strategy document applies to Directors, Governors and all employees (full-time, part-time, temporary and casual) of the Trust and its academies.

#### **15.4.2 Policy Statement:**

The Trust expects all Directors, Governors, employees and those acting as its agents to conduct themselves in accordance with the seven principles of public life defined by the Nolan Committee 1995. The seven principles are:

- **Honesty** - holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Integrity** - holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
- **Selflessness** - holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain

financial or other material benefits for themselves, their family, or their friends.

- **Objectivity** - in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Openness** - holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Accountability** - holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Leadership** - holders of public office should promote and support these principles by leadership and example.

#### **15.4.3 Responsibility:**

The Trust aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses.

The LGBs are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the academy's interests are safeguarded, including its reputation.

Risk is managed through the existence and application of appropriate policies and procedures. The wide range of procedures in place to minimise the risk of fraud constitute a major part of the system of Internal Control, which is designed to ensure the academies conduct its business properly and effectively and completes its transactions fully, accurately and properly.

The responsibility for anti-fraud arrangements is widely dispersed. Directors have to give clear support to the arrangements. The LGBs and Headteacher/Principal must provide strong leadership by advocating the academy's arrangements and supporting strong action when these are ignored.

The importance of a positive culture towards anti-fraud, bribery and corruption cannot be overstated. The effectiveness of the Trust's Finance Policy can be undermined by a culture that does not apply the public standards and supporting procedures routinely on a day to day basis.

Maintaining appropriate arrangements, continually advocating them and taking robust action where they are not applied all help to build the right underpinning culture.

#### 15.4.4 Key Procedures & Controls:

The following key procedures and controls operate within the Trust; maintains a culture that will not tolerate fraud, bribery or corruption:

- Directors, Governors and employees comply with respective Codes of Conduct;
- Risk Management procedures are in place and a Risk Register maintained by CEO and CFO;
- a Register of Interests is maintained to enable Directors, Governors and employees to record any financial or non-financial interests that may bring about conflict with the school's interests;
- a Register of Gifts and Hospitality is maintained to enable Directors, Governors and employees to record gifts and hospitality either received, or offered and declined, from contractors and suppliers;
- Confidential Reporting (Whistleblowing) procedures are in place and operate effectively;
- suitable and enforced financial and contract procedure rules are in place;
- there are robust recruitment and selection procedures;
- there are clear and active disciplinary arrangements;
- Sanctions are pursued against those who commit fraud, bribery and corruption.

The Trust maintains a continuous overview of its arrangements for managing the risk of fraud. A regular review of the Finance Policy and Strategy is carried out and the documents are revised as appropriate to reflect any key changes and to incorporate current best practice.

The school expects that the individuals and organisations with which it deals (e.g. partners, suppliers, contractors and service providers) will act with integrity and without thought or actions involving fraud, bribery and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

In assessing the effectiveness of its arrangements, the Trust will monitor the extent to which:

- key personnel are trained in detecting and investigating fraud;
- identified incidents are investigated;
- perpetrators are robustly dealt with;
- the school responds to identified weaknesses in its systems and controls;
- there is any trend in incidents experienced;
- perpetrators are prosecuted;
- recovery of losses is sought.

#### **15.4.5 Audit**

The Audit Committee and internal audit procedures are a key element of the Trust's control system. Internal audit carries out a risk based series of audits designed to assess the school's identification and management of fraud risks. The External Audit Team provides an independent appraisal of the integrity of all internal control systems.

#### **15.4.6 Raising concerns**

It is the responsibility of the Directors, Governors, CEO, Headteacher/Principal and employees to prevent and help detect fraud, bribery and corruption. In high risk areas specific controls aimed at preventing and detecting frauds will be in place.

Governors, CEO and the Headteacher/Principal have a duty to inform the Board of Directors and the Finance Committee of any potential fraud, bribes, corruption or other suspected irregularities.

A decision will then be made as to who is best placed to investigate any concerns raised. The Investigating Officer also has the responsibility to report all findings to the Finance Committee.

It is often the alertness of employees and the public that enables frauds to be detected. In accordance with the Whistleblowing Policy, any member of staff with any concerns about the Trust or its academies' activities should normally raise concerns through their immediate manager or senior management. However, it is recognised that this may not be possible in certain circumstances. In these cases, contact should be made with the Chair of the Trust or the Audit Committee; the Chief Executive Officer or the Chief Financial Officer as appropriate. Concerns may also be raised with the Trust's External Auditor.

All concerns, reported by whatever method, will be treated in confidence and will be reviewed and investigated by the person deemed to be appropriate and best placed to do so. This may mean that, depending on the level, type and details of the concern raised, that concerns are investigated by the Trust, internal audit or in the case of very serious concerns, the External Auditor or the Police.

## **16. Allowances & Expenses**

### **16.1 Directors' & Governors' Allowances**

*Section 36(5) of the Education Reform Act 1988* enables governing bodies to decide whether they wish to pay travelling and subsistence allowances from the Trust budget to individual members of the Trust & Governing Bodies. It is expected that members will wish to minimise the level of expenses. The policy of the Directors/Governors in respect of payment of allowances will be reported to DfE as part of the Annual Accounts.



Directors/Governors have agreed that subsistence and travelling expenses may be paid to all Directors/Governors. Actual expenditure claimed must be supported with receipts, whatever the expenditure.

The claims will be processed by Academy Finance Staff and payment sent to the Director/Governor. All records of claims and payments are maintained.

All records and papers relating to payment of Directors and Governors expenses will be retained in the Trust for six financial years plus the current year in a secure and logical manner.

## **16.2 Staff Expenses**

Staff may claim for reasonable expenses incurred to perform their duties. Reasonable expenses include:

- travel by public transport (excluding home to work travel);
- use of own car and parking (excluding home to work travel);
- unavoidable overnight accommodation;
- reimbursement for the purchase of approved items.

Rates and allowances are laid out in the schedule of agreed allowances which will be reviewed annually.

Actual expenditure claimed must be supported with receipts, whatever the expenditure.

The claims will be processed by Finance and monitored to ensure compliance. Payment will be sent to the member of staff. All records of claims and payments are maintained.

## **17. Whistleblowing**

Severn Academies Educational Trust has a Whistleblowing Policy.

## Appendix 1

### Financial Scheme of Delegation

Delegated Responsibility	Value (excl. VAT)	Delegated Authority	Method
<b>Orders &amp; Purchases for Goods &amp; Services</b>	Up to £10k	Headteacher/School Accountant	Purchase Order Form/Finance System
	£10,001 - £50k	CEO + CFO	SAET Finance Committee
	£50,001 - £164,176	Chair of SAET Finance Committee + CEO + CFO	SAET Finance Committee
	Above £164,176	Chair of SAET Finance Committee + CEO + CFO	Subject to EU Regulations + SAET Board
<b>Signatories for Payments: Cheques/BACS Authorisation &amp; Other Bank Transactions</b>	Up to £10k	2 signatories in accordance with the bank account mandate	SAET Finance Committee
	Above £10k	2 signatories in accordance with the bank mandate being CEO + one of: CFO or Educational Director (Secondary) or Educational Director (Primary)	
<b>Signatories for DfE/EFA Grant Claims &amp; DfE Returns</b>	As per DfE/EFA requirements of the claim/return. Financial returns to be approved by SAET Finance Committee prior to submission		
<b>Approve Transfers Between Budget Headings Within Agreed Limits</b>	Up to £100k	Academy Headteacher/Principal and CFO	SAET Finance Committee
	Above £100k	CEO	
<b>Authorise/Seek Authority for the Disposal of Unusable or Obsolete Items</b>	Estimated realisable value up to £1k	Academy Headteacher/Principal	SAET Finance Committee
	Above £1k	CEO + Chair of SAET Finance Committee	
<b>Authorise Writing-off Debts &amp; Losses</b>	Up to £1k	Academy Headteacher/Principal	SAET Finance Committee
	Above £1k	CFO/CEO	

### Register of Business / Pecuniary Interests

Individuals should include interests of both themselves and any member of their immediate family (including partners). Completion of this register does not remove the legal duty upon Governors and members of staff with financial responsibility, to declare personal interest in any item of business at a meeting and for the person concerned to withdraw whilst the matter is considered.

**Name of Individual:** .....

<b>Person / Relationship (self / partner)</b>	<b>Name of Business</b>	<b>Nature of Business</b>	<b>Nature of Interest</b>	<b>Date Interest Started e.g. start date of employment</b>	<b>Date Interest Ends / Ongoing</b>

**If you have no such interests, please write 'NIL' in the table above.**

I certify that I have declared all beneficial interests which I or any person connected with me have with businesses or other organisations which may have dealings with the school. I also undertake to inform the school of any change in these business interests.

Signed: .....

Date: .....

I have noted the interests declared above:

Signed: .....

Date: .....

(Chair of Trust/CEO/Chair of LGB/Headteacher/Principal\*)

(\* Please delete as appropriate).