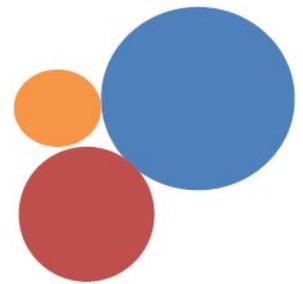




L.E.A.D. Academy Trust  
Lead • Empower • Achieve • Drive

# Financial Procedures Policy - September 2013



## Summary of Changes – version September 2013

Section 1.1 - Trustees must ensure regularity, propriety and value for money in relation to the management of public funds.

Section 1.2 - Additional information has been introduced describing the **role of the accounting officer** to help trusts understand this key element of the financial framework

Section 1.2 - The MAT's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be sent to the EFA and be published on the academy trust's website. It will also be placed on the DfE's website.

Section 1.3 - All academy trusts must have a principal finance officer (PFO), appointed by the trust's board, who is the trust's finance director or business manager or equivalent, to lead the finance department.

Section 2.1 - The delegated limit for trusts to self-approve **staff severance payments** and compensation payments has been clarified.

Section 2.1 - The delegated limits for trusts to **dispose of fixed assets** have been relaxed.

Section 2.1 - The delegated limits for trusts to take up and grant **leases** have been relaxed.

Section 2.8 - The addition of an ordering section

Section 2.9 - Guidance on carry forward balances

Section 2.9 - Pooling of GAG budgets

Section 2.9 - The addition of Other Matters

Section 4.3 - Orders requiring three quotes has increased from £1,000 to £5,000.

Appendix H - The addition of the Fixed Asset Policy incorporating the delegated limits for trusts to dispose of fixed assets having been relaxed and will only apply to land and building, or heritage asset, transactions -

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L.E.A.D. Multi Academy Trust

Section One

## INTRODUCTION

The policy outlines the respective financial responsibilities of the L.E.A.D. Multi Academy Trust and its Trustees. The Policy also provides a standardised approach to all finance related tasks within the Trust and its academies.

Please note this policy should be used in conjunction with the Academies Financial Handbook.

### 1.1 ROLE OF TRUSTEES

The L.E.A.D. Multi Academy Trust (“the MAT”) is a company limited by guarantee with charitable status. It comprises members of the Trust and has a strategic role in running the Academies, with control over its land and assets.

The main responsibilities of the MAT are prescribed in the Funding Agreement with the DfE. The key financial responsibilities include:

- ensuring that grant from the EFA is used only for the purposes intended;
- approval of the annual budget;
- balancing its budget from year to year;
- production of an Annual Report and Accounts;
- appointment of the auditors;
- appointment of the Chief Executive (as Accounting Officer); and
- appointment of the Finance Director (Business Director) in conjunction with the Chief Executive
- ensure regularity, propriety and value for money in relation to the management of public funds.

The members and directors that sit on the MAT Board as Trustees, have certain obligations to protect the assets, property and good name of the Trust.

The MAT has defined the responsibilities of key committees and staff involved in the administration of Academy finances to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- MAT Board
- Pay Committee
- Finance and Audit Committee

The main responsibilities of these Committees are set out in written terms of reference approved by the full Governing Body. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the MAT finances.

### 1.2 ROLE OF THE CHIEF EXECUTIVE

The Chief Executive (Diana Owen) has overall responsibility for the MAT’s activities including financial activities. The Funding Agreement requires the Trust to identify the Chief Executive as the Accounting Officer who is personally responsible to the Trustees for:

- ensuring regularity and propriety;
- prudent and economical administration;
- avoidance of waste and extravagance;
- efficient and effective use of available resources; and
- the day to day organisation, staffing and management of the MAT.

The essence of the role is a personal responsibility for:

**Regularity** - dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this Handbook, and compliance with internal trust 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;

**Value for money** – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The MAT's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be sent to the EFA and be published on the academy trust's website. It will also be placed on the DfE's website.

In practice, much of the financial responsibility is delegated to the PFO/Finance/Business Director (Bobby Thandi) but the Chief Executive still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governors have agreed should be approved by them;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with the Finance/Business Director or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority (Appendix 1).
- preparing budget plans in conjunction with the Finance/Business Director;
- implementing expenditure in line with the Academy budget;
- seeking MAT approval for purchase orders or contracts in excess of delegated thresholds;
- submitting reports to the MAT giving details of income,
- expenditure and commitments to date; and
- ensuring any actions resulting from the annual audit are implemented.

### 1.3 ROLE OF THE PRINCIPAL FINANCE OFFICER

The PFO/Finance/Business Director works in close collaboration with the Chief Executive through whom he or she is responsible to the Trustees. The main responsibilities of the Finance/Business Director are:

- the day to day management of financial issues including the establishment, maintenance and operation of a suitable accounting system for Multi Academy Trusts central budgets and individual academies;
- the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Trustees;
- preparation of budget plans in conjunction with the Chief Executive and Head Teachers;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly management accounts;

- authorising orders, contracts and signing cheques / releasing payments in conjunction with the Chief Executive or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority ( Appendix A); and
- ensuring forms and returns are sent to the EFA in line with any timetabled DfE / EFA guidance.

## 2.1 DELEGATED AUTHORITY TO THE MAT

The delegated authority over different categories of financial transactions is set out below from the DfE:

### Liabilities and write-offs

The MAT Board may perform the following financial transactions up to the limits set out below:

- writing off debts and losses (including any uncollected fines); entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the AT). The limits are:
  - 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 Trust that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements.
  - cumulatively, 5% of total annual income in any one financial year per category of transaction for any Trust that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits the MAT Board must seek and obtain explicit and prior approval of the Secretary of State (through the EFA) to the transaction.

### Severance Payments

If the MAT is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

- whether such a payment is justified, based on a legal assessment of the chances of the MAT successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
- if the settlement is justified, the MAT 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.

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the MAT is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Where the MAT is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the EFA, before any such payment can be made. ATs in this situation should speak to their EFA contact at the earliest opportunity to discuss.

For the avoidance of doubt, the following examples illustrate where HMT approval would be required:

- statutory/contractual payment of £40k + enhancement of £20k = HMT approval not required;
- statutory/contractual payment of £60k + enhancement of £20k = HMT approval not required; and
- statutory/contractual payment of £60k + enhancement of £50k = HMT approval required for the £50k enhancement only.

### Asset sales, leases and tenancy agreements

The MAT must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years; and
- granting a leasehold or tenancy agreement on land.

The MAT may **take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above)**, without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval.

## 2.2 TRUSTEES REGISTER OF INTERESTS

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 Trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should withdraw from that part of any committee or other meeting.

### 2.3 PROCESS FOR INDEPENDENT CHECKING

An Audit committee for the MAT will undertake the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the MAT and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or more of the following options:

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the Trusts external auditors.
- completing the work by peer review

### 2.4 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the board of trustees of a MAT are also responsible for preventing such losses of public funds, and this means that Trustees must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The MAT is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy in Appendix 3 outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the EFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The EFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the Trust itself or as the result of other information received.

### 2.5 APPOINTMENT OF EXTERNAL AUDITORS

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one year period renewable at the discretion of the MAT.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial

- Reporting and Annual Accounts Requirements issued by DfE;
- proper accounting records have been kept by the Academy throughout the financial year; and
- grants made by the EPA have been applied for the purposes intended.

The MAT should arrange for on-going monitoring of the performance of the auditors to be undertaken.

## 2.6 ACCOUNTING SYSTEM

All financial transactions of the central operating costs of the MAT should be recorded on the approved Finance System. The Finance System is operated by Louise Bird (Business Manager) and as a minimum, will consist of a General Ledger with additional Purchase, Sales and Cash Book modules.

All payroll transactions relating to centrally employed MAT employees only are currently processed by a Payroll Provider as part of an annual Service Level agreement. These entered as a journal on the SAGE finance system.

Each academy will maintain its own bank account and finance system and as minimum, will consist of a General Ledger with additional Purchase, Sales and Cash Book modules.

### Transaction Processing

All transactions input to the Finance System should be authorised in accordance with the procedures specified in this document. All journal entries must be documented in an appropriate form and authorised by the Finance/Business Director prior to being input to the Finance System. Bank transactions should be input by the Business Manager and the input should be checked by the Finance/Business Director.

The MAT will seek to adhere to the control principles set out within the Academies Financial Handbook.

## 2.7 DELEGATED FUNDING TO ACADEMIES

Funding received by the MAT will be passed through to each individual academy less the agreed 3.5% to 5% (minimum £45,000) contribution cover the central operating costs of the MAT.

## 2.8 PROCUREMENT

It is essential that all of the following controls are adhered to:

orders should not be entered into verbally and unless a Purchasing Card has been used, orders should always include the school's terms & conditions of the order and protects the school against terms and conditions imposed by suppliers in the absence of quoted terms & conditions. The use of 'Official Order Forms' through the local system automatically updates the financial records and enables committed expenditure to be included in management information for governors.

- individuals that are issued with debit cards must complete a purchase order request

form prior to making any purchase.

- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax both sides of the official order form, so the supplier receives the school's terms and conditions.
- orders should only be approved by the Chief Executive and or the Business Director.
- orders may only be used for goods and services provided to the school, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT.
- **orders under £1,000** – it is the responsibility of the Business Manager to ensure that the officer ordering the work, goods, materials or services has taken reasonable steps to achieve Best Value. Best Value could be achieved by:
  1. Holding a number of trade catalogues,
  2. bulk purchasing of common consumables,
  3. negotiating discounts,
  4. taking advantage of sale seasons,
  5. obtaining alternative quotations wherever possible.
- **orders over £5,000 but below £50,000** – it is the responsibility of the accounting officer to ensure that the school has obtained quotes or tenders from at least three suppliers. Copies of evidence are to be maintained centrally and reasons recorded where contract has not been awarded to the lowest quote/tender.
- orders over £50,000 are subject to the tendering policy (Appendix B).

## 2.9 OTHER MATTERS

### Services provided by sponsors and sponsor-related bodies

The MAT must ensure that any contracts for services provided to their MAT Schools are properly procured and present value for money. The MAT must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

### Irregular or improper transactions

Situations may arise where it may appear to the MAT to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the MAT must seek prior, written permission from the EFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

### Managing surplus General Annual Grant (GAG)

It is important that grant is spent as needed to avoid excess calls on Exchequer funding

and public borrowing. The EFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the MAT has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

The EFA will also verify the sums of unspent funds when it checks the trust's accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

### **Pooling of GAG by Multi-Academy Trusts**

The MAT has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the multi-academy trust in accordance with the guidelines that govern the use of GAG funding.

The MAT must have due regard to the funding needs and allocations of each individual academy and they must have an appeals mechanism in place. If an individual academy's principal feels that the academy has been unfairly treated in relation to pooling arrangements, they should first appeal to the trust. If the academy principal's grievance is not resolved, they may then appeal to the Secretary of State for Education, whose decision will be final and who may dis-apply the provisions for pooling in this Handbook in relation to the MAT.

# Local Governing Bodies and Academies

## Section Two

## HOW TO USE THIS DOCUMENT – A QUICK REFERENCE GUIDE

I WANT TO KNOW:	BRIEF SUMMARY:	Notify EFA	Notify /Copy to the L.E.A.D. Board	Notify Business Director	FURTHER DETAIL IN SECTION
Who does what?	There are specific duties listed for Governors and staff including the Head of School.				2.1 – 2.5
How much can I spend?	Providing the Head of School authorises, any amount can be spent on a purchase order up to the amount of unused budget allocation within that expenditure code.				3.1
What if there isn't enough in the budget?	The Head of School can move up to £1,000 of budget from one code to another. More can be moved with Governor approval.				3.1
What Financial information should the governors get?	They should receive an outturn report at least every term, showing how the school is performing compared to the planned budget and incorporating a forecast of the expected reserves at the end of the year.		✓	✓	3.2
How do I buy something?	Request the Business Manager to produce an official purchase order by completing a purchase order request form and get it authorised by the Head of School. Alternatively the Business Manager may use a purchasing card.				3.3
Do I need to get quotes?	Not if the item is likely to cost less than £5,000. It is advisable if over £5,000. Any costs exceeding £50,000 are subject to the tending policy (Appendix B)			✓	3.3
What happens to the invoice?	The Head of School authorises it and the Business Manager will process and pay it through the school accounting system.				3.4
How do we know that the school's accounting system is accurate?	Each month the Finance Officer should check and authorise the payroll reports and undertake reconciliation of all control accounts				3.5
Who can sign cheques?	Always two people (one must be the Head of School or Executive Headteacher).				3.6
What goes on the inventory?	All items that are portable, desirable and of value.				3.7
What if we want to dispose of something?	The Head of School can approve disposals with a current value less than £50. Otherwise the disposal must be approved at a governors meeting.	If over £45,000	✓	✓	3.7
What can we charge parents for?	Various residential and other activities held outside school hours.				3.9
What do we do with money we receive?	Pass to the Business Manager to be processed and banked promptly.				3.12
Can we enter into a lease?	If a lease is longer than three years you must notify the EFA and	Dependent on term and lease	✓	✓	
What do we do if we identify Fraud?	Follow the procedures outlined in the Fraud Policy and Procedures	If over £5,000	✓	✓	Appendix C

## INTRODUCTION

The section outlines the respective responsibilities of each Local Governing Body, Head of School and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the school and covers the following:

- Millfield L.E.A.D. Academy
- Windmill L.E.A.D. Academy
- Warren Academy
- Huntingdon Academy
- Sycamore Academy
- Edna G Olds Academy
- St Ann's Well Academy
- Hogarth Academy
- Bishop Alexander L.E.A.D. Academy

Please note this policy should be used in conjunction with the Academies Financial Handbook.

## SUMMARY OF RESPONSIBILITIES

- The management of the school is, through its Instruments of Government, the responsibility of its Local Governing Body, and, to the extent of the delegated powers vested in them, the committees created by the Local Governing Body.
- The Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body and its committees to the Head of School.
- Sub-committees of the Local Governing Body will act strictly within the remit allocated to them by the Local Full Governing Body.
- Management and administration duties undertaken by the Head of School and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment.
- It is the responsibility of the Local Governing Body's Finance Committee to set/recommend to the full governing body an annual budget for the school for submission to the MAT Board which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Local Governing Body's Finance Committee or the full Local Governing Body in sufficient time to allow prompt submission of the plan to the Education Funding Agency (EFA) and the MAT Board.
- The Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Local Governing Body's Finance Committee. The Head of School will advise the Local Governing Body's Finance Committee on all areas of the school budget.
- The Local Governing Body's Finance Committee will, in each year, consider the recommendation of the Head of School and will set an Annual Budget. Acting with advice and knowledge acquired from any combination of the Local Governing Body, The Local Governing Body's committees, Head of School or staff, The Local Governing Body's Finance Committee will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained.

### 3.1 THE ROLE OF THE LOCAL GOVERNING BODY

The role of the Local Governing Body in school financial administration is:

- to establish a Finance and General Purposes Committee and elect its members, and to review the committee's remit and membership on an annual basis,
- to plan the overall school budget, including priorities for future expenditure,
- submit the budget plan to the MAT Board for approval
- to approve the Draft Annual Budget
- to maintain a register of pecuniary interests for governors and staff,
- to consider and sign the Statement of Internal Control (SIC).

### 3.2 THE ROLE OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

In order to assist in the fulfilment of the Local Governing Body's responsibilities, the Finance and General Purposes Committee will meet as necessary. Best practice will be to convene meetings at least once a term to:

- determine the school's annual budget, including staffing,
- plan the school budget in accordance with the priorities in the School Improvement Plan,
- consider reports from the Head of School comparing expenditure with budget and to approve virements as necessary,
- determine the written description of financial systems and procedures,
- operate the governing body's arrangements for obtaining quotations and inviting tenders,
- submit to the Board any proposed write-offs and disposals of surplus stock and equipment,
- determine school banking arrangements,
- determine arrangements for the accounts and audit of the school accounts including school fund,
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities,
- determine matters relating to school security,
- determine insurance arrangements,
- determine the limits of authority which they delegate to the Head of School and approve expenditure recommended by the Head of School above those limits,
- consider the findings and recommendations of Responsible Officer Audit reports and findings identified by the L.E.A.D. Business Director

- the Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read.

### 3.3 THE ROLE OF THE HEAD OF SCHOOL

The day-to-day operation of the budget is delegated to the Head of School, who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors and submission of these plans to the Governing Body for approval,
- managing internal control systems and internal financial transactions in accordance with the 'Academies Financial Handbook',
- maintaining adequate financial records in accordance with Academies Financial Handbook:

1. Budget Plan Entry Form	Current Year + 3 preceding years
2. Staff Salary Calculations	Current Year + 3 preceding years
3. School Management Plan	Current Year + 3 preceding years
4. General Allowance Allocations	Current Year + 3 preceding years
5. Virements within Budget Share	Current Year + 3 preceding years
6. Orders, Quotes and Tenders	Current Year + 6 preceding years
7. Copy Invoices/Credit Notes	Current Year + 6 preceding years
8. Copy Payment Schedules	Current Year + 6 preceding years
9. Delivery Notes	Current Year + 6 preceding years
10. Bank Reconciliation Records	Current Year + 6 preceding years
11. Education Sales Database Statements	Current Year + 2 preceding years
12. Bank Statements	Current Year + 6 preceding years
13. Bank Paying In Slips	Current Year + 6 preceding years
14. Travel Claims	Current Year + 6 preceding years
15. Income/Lettings Receipts	Current Year + 6 preceding years
16. Copy Sundry Debtor Accounts	Current Year + 6 preceding years
17. Authorised signatories list – orders	Current List
18. Register of Pecuniary Interests	Current List
19. Inventory Records	Current Year + 6 preceding years
20. Salary and Wage Returns	Indefinitely
21. School registers	Indefinitely

- setting limits of expenditure for members of staff authorised to place orders,
- providing a monthly budget monitoring report to governors. This should report any variations in expenditure against the approved budget plan,
- monitoring the school cash flow,
- ensuring that returns to the EFA and the MAT are submitted according to published deadlines,
- providing access to accounting and other relevant records to Audit, including school fund(s), and implementing auditor recommendations where necessary,

- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year,
- recommending to governors equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised. Ensuring that stolen items are reported to the Finance & General Purposes committee before formal approval to delete that item from the inventory/asset register,
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature,
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored.
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.

### 3.4 THE ROLE OF THE ADMINISTRATOR(S)

Subject to accordance with individual job descriptions the Head of School may delegate financial procedures to the administrative team. The administrative team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries,
- providing budget monitoring /outturn monthly reports for the Head of School to present to governors and submission to the L.E.A.D. Business Director
- submitting pay returns to payroll as appropriate,
- ensuring that invoice checking procedures are followed,
- ensuring that, in conjunction with the Head of School, authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and the Academies Financial Handbook,
- prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook,
- operating the bank account (cheque book scheme) as per the Academies Financial Handbook,
- to prepare cash flow statements so as to ensure the school has sufficient cash to meet its needs and submit these to the finance committee,
- administering the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academies Financial Handbook,
- assisting in the maintenance of an accurate inventory and associated security procedures.

- assist in the preparation of the three year budget plan and the financial returns to the EFA

### 3.5 THE ROLE OF THE STAFF

The role of staff in school financial administration is:

- to familiarise themselves with this Policy,
- to conduct all financial transactions relating to the school in accordance with this Control Policy,
- to manage any budget delegated to them by the Head of School responsibly, and after due consultation with relevant staff,
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school,
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing.

### 4.1 LIMITS OF DELEGATION

#### Virements within Budget Share

The Head of School is authorised to vary the annual budget prepared by the Finance & General Purposes Committee and approved by the full Local Governing Body and the Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a 'Virement within Budget Share' shall not exceed £1,000. A 'Virement within Budget Share' in excess of £1,000 should be recommended to the Finance & General Purposes Committee by the Head of School and actioned after minuted approval of the 'Virement within Budget Share' by the Finance & General Purposes Committee.

#### Orders

The sum of up to £74,999 is the amount authorised by signature by the Head of School on any single order. The Head of School will, however, comply with financial regulations, as detailed in section 2.3 - Procurement of Goods and Services (see below).

The Bursar or Head of School will sign all orders from the school. In the absence of the Bursar or Head of School the Finance & General Purposes Committee will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

#### Invoices

The sum of up to £74,999 is the amount authorised by signature by the Head of School on any single invoice. The Head of School will, however, comply with financial regulations, as detailed in section 2.4 – Invoice Processing (see below).

The Bursar or Head of School will sign all invoices for the school. In the absence of the Bursar or Head of School the Finance & General Purposes Committee will nominate a member of staff to authorise invoices for payment on a temporary basis. This officer should be the most senior member of the teaching staff.

## Cheques

All cheques must be countersigned by at least one other authorised signatory.

### 4.2 FINANCIAL REPORTS TO GOVERNORS

The Head of School is responsible for providing the Local Governing Body and the MAT Board with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors at least once a term.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook.
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on FMS6. There should be a monthly reconciliation of the bank account to the local system (FMS6). Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete.** To provide governors with a “true and fair” view of the school’s financial position the reports must include committed expenditure. For information to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included.
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to governors should be jargon free.
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual EFA funding statement and in the annual accounts.
- **Include a profiled budget.** To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the school’s spending patterns the profile looks at the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date.
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report.
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year.

### 4.3 PROCUREMENT OF GOODS AND SERVICES

The procurement of goods and services is the process potentially most open to abuse or mis-management and it is therefore essential to have strong financial controls to safeguard the school’s interests. It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Purchasing Card has been used, orders should always include the school’s terms & conditions of the order and protects the school against terms and conditions imposed by suppliers in the absence of quoted terms & conditions. The use of ‘Official Order Forms’ through the

local system (FMS6) automatically updates the financial records and enables committed expenditure to be included in management information for governors.

- individuals that are issued with debit cards must complete a purchase order request form prior to making any purchase.
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax both sides of the official order form, so the supplier receives the school's terms and conditions.
- orders should only be approved by the Head of School. In cases of prolonged absence of the Head of School from the school, the Finance & General Purposes Committee should nominate a suitable replacement signatory.
- orders may only be used for goods and services provided to the school, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT.
- it is the responsibility of the Bursar or Head of School (Deputy Head of School in cases of prolonged absence) in authorising the order to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.
- **orders under £1,000** – it is the responsibility of the Bursar or Head of School to ensure that the officer ordering the work, goods, materials or services has taken reasonable steps to achieve Best Value. Best Value could be achieved by:
  - Holding a number of trade catalogues,
  - bulk purchasing of common consumables,
  - negotiating discounts,
  - taking advantage of sale seasons,
  - obtaining alternative quotations wherever possible.
- **orders over £5,000 but below £25,000** – it is the responsibility of the Head of School to ensure that the school has taken the same reasonable steps to ensure that the Best Value has been achieved on any purchase and these steps are documented and retained for inspection. If it is not known if the purchase will exceed £1,000 but it is estimated it will be around £1,000, then evidence of the steps taken should be retained. In practice, the most straightforward method of achieving proof of best value is by obtaining and documenting quotes or tenders as detailed below.
- **orders over £25,000** – it is the responsibility of the Head of School to ensure that the school has obtained quotes or tenders from at least three suppliers. The quotes/tenders should then be considered by the Finance & General Purposes Committee before deciding which supplier to award the contract to. The Finance & General Purposes Committee should, under normal circumstances, opt for the lowest of the three (or more) quotes/tenders. If the Finance & General Purposes Committee decide to opt for a quote/tender other than the lowest, the reasons for such a decision should be clearly documented in the minutes of the Finance & General Purposes Committee meeting in which the decision was made.
- orders over £50,000 are subject to the tendering policy (Appendix B).
- for building and maintenance work the above guidelines apply.

- in the event of fewer than three suppliers appearing on the select list applicable to the type of work, goods, materials or services to be provided, the school shall advertise for quotes/tenders for a specific job specification, indicating a date for submittal of quotes/tenders.
- the Head of School has a duty to ensure that any expenditure that is incurred through the school budget or the school fund is appropriate and for the purposes of the pupils of the school. Examples of inappropriate expenditure include gifts of any kind including:-
  - Congratulations or get well flowers,
  - Christmas gifts for members of staff,
  - leaving presents for members of staff,
  - Christmas meals for members of staff,
  - retirement party for a member of staff,
  - a staff thank you meal that has included partners,
  - tea and coffee facilities for staff.
- any gifts given to the school or its staff will be used by the school to help raise money for the school fund.
- the Head of School has delegated responsibility for the apportionment of a hospitality allocation within the school budget. This is only to be used for when the school hosts meetings/events that relate to school business.

#### 4.4 INVOICE PROCESSING

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- goods have been received in school and the quantity and quality being as per order. The goods received note shall be retained and filed with the copy invoice.
- the arithmetic should be checked to ensure that the following are correct:
  1. Unit price
  2. Quantity
  3. Discounts
  4. Total net cost
  5. VAT has been applied at the applicable rate
  6. Total invoice cost
- valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.
- that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Bursar or Head of School.
- an officer with delegated responsibility from the governing body (the Bursar or Head of School) will certify that the invoice is authorised for payment. This authorisation shall be evidenced by the personal signature of the Head of School and must not be a facsimile or signature stamp.

#### 4.5 RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The Head of School is responsible for ensuring that controls are in place for these checks to be carried out. The Head of School will delegate this role to the school administrator. The administrator shall undertake the following duties on a monthly basis:

- reconcile the transactions above to the local system (FMS),
- submit sickness absence claims where relevant,
- complete a monthly bank reconciliation by the 10<sup>th</sup> of the following month and submit copies of reconciliations to Louise Bird.

#### **4.6 OPERATION OF LOCAL BANK ACCOUNT (CHEQUE BOOK SCHEME)**

When the school operates its own bank account the school must implement these controls:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories, which must not include Governors,
- the Head of School may sign all cheques other than those payable to themselves,
- in the absence of the Head of School the Deputy Head of School or Assistant Head of School should sign cheques,
- a minimum of three signatures should be maintained on the mandate,
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest,
- the mandate should be notified to the bank.

Arrangements must be made with the bank must include:

- a statement to be provided each month,
- to disallow any overdraft or loan facilities offered by the bank,
- to disallow the school from entering into investments of a speculative nature (e.g. money markets). However, deposit accounts are allowed. Automatic transfers to and from higher interest accounts upon balances reaching specified levels are permitted.

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

On receipt of the monthly bank statement, the school will reconcile the bank balance to the balance held in the FMS6 system. A copy of the monthly REC1 form must be certified by the Head of School and retained in school.

It is recommended that schools should produce termly cash flow forecasts to ensure there are adequate funds in the bank to pay for the salaries and day to day expenditure.

The bank account should operate autonomously from all other "unofficial" accounts.

#### **4.7 SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS**

The local governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

An **asset register** should also be maintained in a format agreed with governors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the following de-minimis levels:

1. Land and Buildings	£5,000
2. Vehicles, Plant & Machinery and Other Equipment	£3,000
3. Furniture & Fittings	£1,000
4. Information Technology Equipment	£1,000

Records of all portable, desirable and valuable items (not included on the asset register) shall be maintained on the official **Inventory**. These items should be permanently security marked as being the property of the school in a visible manner. Where inventories are maintained on a spreadsheet or database, a hard copy should be produced annually and retained.

Inventories shall be kept up to date to record all items received or disposed of by whatever means. Records will show any income received from disposals and cross referenced to accounting records.

Serial numbers included on the inventory should, wherever possible, be the manufacturer's serial number.

Annually, a physical check of **all** inventory items should be carried out. All discrepancies shall be reported to the Governing Body.

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Head of School immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,000, unless a higher limit is specifically agreed with insurance.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Head of School and Governing Body.

Steps must be taken by the Head of School to ensure that there are effective back up procedures for all computer systems. All back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the school IT support provider.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The Head of School and the Governing Body shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

In disposing of assets, items with a value of less than £100 can be disposed of, by the Head of School, but with the Governors being informed at their next meeting. Items disposed of above £100 (including stolen items) will need Governors approval/acknowledgement in writing.

In disposing of IT equipment, an assessment should be made of such equipment to ensure that all sensitive data has been removed.

The monies received from the disposal of an asset will be credited to the School Budget Share, irrespective of how the asset was initially acquired by the school. The income should not be credited to the school fund, or any other unofficial account.

In disposing of an asset, the Head of School is responsible for ensuring that the school is taking reasonable steps to secure the maximum revenue for the asset. This should be achieved by:

1. taking reasonable steps to advertise the disposal;
2. inviting bids for the asset (sealed bids are preferable);
3. negotiating with potential purchasers.

The administrator is responsible for maintaining a register of assets/equipment loaned or taken off the premises by other establishments, staff or pupils. A separate register should be kept of long term loans (e.g. musical instruments) and loans relating to specific grants (e.g. computers at home initiative).

#### **4.8 DEPRECIATION**

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

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

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

<b>ASSET GROUP</b>	<b>DEPRECIATION METHOD</b>
Land	No depreciation
Buildings and Building modifications	2% (50 yrs) Straight line
Plant and Machinery	20% (5 yrs) Straight line with nil residual value
Furniture and Equipment	10% (5yrs) Straight line with nil residual value
Computer Equipment and Software	25% (4 yrs) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.

#### **4.8 CHARGING POLICY**

##### **CHARGING AND REMISSIONS POLICY**

##### **GENERAL PRINCIPLES**

The School Governing Body is committed to the general principle of free education. The Governing Body recognises the valuable contribution that a wide range of activities, including school visits, residential experiences and clubs, can make towards all aspects of pupils' education. The Governing Body would accordingly wish to promote and provide as far as possible such activities as part of a broad and balanced curriculum for the benefit of pupils of the school.

##### **CHARGES**

The Local Governing Body reserves the right to make a charge for the following activities which may from time to time be organised by the school.

Residential Activities held during school hours: charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made.

Any charge for a particular activity will be calculated by reference to the actual cost of providing the board and lodging for each pupil; no other costs will be covered by the charge. Any remission arrangements for such activities will be at the discretion of the Governing Body EXCEPT in the circumstances described below.

Activities held outside school hours: the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below.)

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil's travel costs;
- the pupil's board and lodging costs;
- materials, books, instruments and other equipment;
- non-teaching staff costs;
- entrance fees to museums, castles, theatres, etc;
- insurance costs;
- the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'.

Any remission arrangements for such activities will be at the discretion of the Governing Body, except in the circumstances described below.

Materials and Ingredients: a charge will only be made for any materials and ingredients relating to activities taking place during school hours where parents have indicated in advance a wish to own the finished product, e.g. in home economics or CDT. Alternatively parents may, in these circumstances, be asked to volunteer to provide the ingredients and materials prior to the activity taking place.

## REMISSIONS

Where the parents of a pupil are in receipt of Income Support or Family Credit, the Governing Body will remit in full the cost of board and lodging for any residential activity the school organises for the pupil if the activity:

- takes place within school hours or,
- forms part of the syllabus for a prescribed public examination or fulfils statutory duties relating to the National Curriculum or religious education, irrespective of whether the activity takes place within or outside school hours.

Any other remission arrangements for a particular activity or pupil will be entirely at the discretion of the School Governing Body. Any subsidy provided by the Governing Body will be met from the funds at its disposal.

### VOLUNTARY CONTRIBUTIONS

Nothing in this policy statement precludes the School Governing Body from inviting parents to make voluntary contributions for the benefit of the school or in support of any school activity, whether during or outside school hours. Any contributions sought will be entirely voluntary and pupils will not be treated differently according to whether or not their parents make a contribution in response to any invitation.

### BREAKAGES AND DAMAGE TO SCHOOL PROPERTY

The Local Governing Body reserves the right to seek reparation from parents where their children cause breakages or damage to school property.

### REVIEW

The Local Governing Body reserves the right to review and amend this charging policy statement from time to time, as appropriate.

## **4.10 INSURANCE ARRANGEMENTS**

The Head of School shall be responsible for effecting such insurance necessary to cover risks to which the school is exposed; this cover will comply with the minimum requirements of the Education Funding Agency (EFA) and Department for Education (DfE):

- Where insurances are purchased through the City Council the Head of School shall promptly notify the Insurance and Risk Management team of any new risks, additions and alterations affecting existing insurances and shall consult with them together with legal advice in respect of any terms of indemnity which the school may be required to give.
- Where insurances are purchased through the City Council the Head of School shall immediately notify the Insurance and Risk Management team in writing of any loss, liability or damage, or any event likely to result in a claim, and take such other action as may be necessary to satisfy any insurance policy conditions (e.g. notifying police and obtaining crime identification numbers).
- The Governing Body may exercise their discretion in effecting insurance cover for risks not otherwise covered by the insurance purchased via the City Council.
- The Head of School will be responsible for identifying potential areas of risk and for establishing procedures for reducing risks where possible.

## **4.11 PAYMENTS TO INDIVIDUALS**

The school has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed),
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll,
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals.

Travel claims may be processed and paid directly by the school. The school may determine their own rates of reimbursement but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. Schools are therefore recommended to maintain their rates of reimbursement at or below the current HMRC Approved Rates.

#### 4.12 RECEIVING INCOME

Income generated by the school will be received by administration staff from a number of sources. All income shall:

- be paid into the school's official bank account without delay or deduction,
- be banked prior to any school closure exceeding twenty-four hours,
- be collected in advance of service delivery wherever possible,
- be acknowledged by official receipts and accounted for without delay, with all such receipts held securely to prevent misuse,
- be identified by means of an appropriate accountancy code,
- not be used to discharge expenditure,
- not be used for the purpose of cashing personal cheques.

Where income is to be collected after the service has been provided, an official invoice shall be issued and submitted without delay, to the debtor.

All income shall be held securely until banked and shall be acknowledged in writing when transferred from one person to another.

All payments banked shall be by means of an official bank paying-in book, separately identifying cash and cheques, with all cheques listed.

The school shall determine a maximum amount of income to hold securely with the Insurance and Risk Management team. The school shall not exceed the agreed limit.

#### 4.13 MISCELLANEOUS ISSUES

##### REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS

The Governing Body, or relevant committee of the Governing Body, shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Head of School or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Head of School shall keep the Register up to date as new Governors or staff join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the relevant member of staff,
- the company or organisation the member of staff has an interest in,
- what the interest is

Those Governors or staff not holding any pecuniary interests must submit a nil return.

## GIFTS

All gifts to the school either in kind or in money should be recorded.

## EXPENSES PAID TO GOVERNORS

Expenses may be paid to Governors in accordance with DfE guidance.

## AUDIT

Schools will be subject to termly audit Responsible Office audit as per the Academies Financial Handbook. Also, the school will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House.

## LETTINGS

Prices for charging will be reviewed annually by the Business Manager and approved by Finance Committee. Formal approval will be sought at Full Governors for the charges to be effective from 1<sup>st</sup> September each year. The charges should include where appropriate a Caretaker Fee and a proportion of Energy Costs.

## Appendix A

### Scheme of Delegation - Authorisation Limits

#### Financial Regulations Authorisation Limits

##### Expenditure Limits

Business Director	£25,000
Headteacher between	£25,001 and £74,999
Chief Executive	£75,000

##### Virement Limits

Business Director	£5,000
Finance and Audit Committee	Over £5,000

##### Writing off bad debts

Business Director	£1,000
Headteacher	Up to £2500
Finance & Audit Committee	Over £2500

##### Disposal of Surplus Stock, Stores & Assets

Business Director	£1,000
Headteacher	Up to £5000
Finance & Audit Committee	Over £5000

##### Petty Cash Imprest

£500.00

##### Safe Cash/ Cheque limits Cheque)

£5,000 (Combined Cash and

##### Ordering Procedures

Three Quotes	£1 - £5,000
Competitive quotations - evidence required	£5001 - £49,999
Tendering procedure	Over £50,000

##### Minor Building Repairs

Site Manager (IN EMERGENCIES ONLY)	Up to £2500
Business Director	£5,000
Headteacher	between £5,001 and £10,000
Finance & Audit Committee (Premises)	Over £10,000

## Appendix B

### Tendering Policy

#### Orders over £50,000

All goods/services ordered with a value over £50,000 must be subject to formal tendering procedures. Purchases over £173,934 (threshold from 01/01/2012) excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Ordering goods which may potentially be over £50,000 must be discussed with Finance/Business Director prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

#### Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance/Business Director 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 may be appropriate where:
    - there is a need to maintain a balance between the contract value and administrative costs,
    - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the School'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 may be 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.

#### Preparation for Tender

Full consideration may be given to:

- objective of project
- overall requirements

- technical skills required
- after sales service requirements
- 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.

### Invitation to Tender

If a restricted tender is to be used then an invitation to tender should 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 may 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.

### Aspects to Consider

#### Financial

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

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

### Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes

clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted and any reason for accepting them should be recorded.

### Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, either the Business Director, Business Manager or the Principal plus a member of the Finance & Personnel Committee.

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

### Tendering Procedures

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

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.

Full records should be kept of all criteria used for evaluation of contracts over £50,000 and a report should be prepared for the Finance & Personnel Committee highlighting the relevant issues and recommending a decision.

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

The accepted tender should be the one that is economically most advantageous to the School. All parties should then be informed of the decision.

## Fraud Policy and Procedures

### Introduction

The MAT aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the MAT's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the MAT's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

In order to achieve these objectives, the MAT has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), and an independent Responsible Officer function with an ongoing responsibility to review and report on these systems;
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections

### Personal Conduct

The MAT aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the MAT's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- these regulations are binding on all governors, members of staff, students and constituent parts of the MAT. Refusal to observe them will be grounds for disciplinary action.
- in disbursing and accounting for all funds, the MAT must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that governors and employees of the MAT must at all times conduct financial affairs in an ethical manner.
- all members of staff, trustees and governors of MAT are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas.
- any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Headteacher or the Business Manager.
- governors or employees of the MAT shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests.
- heads of Department/Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other MAT property.

Taken together, these represent a statement of the framework within which governors and employees are expected to conduct themselves. These requirements will also be stated within the Staff Handbook which will be issued to all members of staff and which will also include a statement of the disciplinary consequences if they are not complied with.

## Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including CRB checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the MAT are documented in the Financial Procedures Policy. The Financial Procedures are issued and updated periodically by the Business Director. They are binding on all governors, members of staff, students and constituent parts of the MAT and are distributed to the Headteacher, the Senior Leadership Team, Heads of Department and staff in the academies finance offices.

The MAT has also established an Audit Committee and an independent Responsible Officer function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

## Fraud Response

This document sets out the MAT's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- demonstrate that the Academy retains control of its affairs in a crisis; and
- make a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- inadequate communication so that action is late or inappropriate;
- lack of leadership and control so that investigators are not properly directed and waste time and effort;
- failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
- adverse publicity which could affect confidence in the MAT; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the MAT's policy are in line with the Whistleblowing Policy and are outlined below:

1. All governors, members of staff, students and constituent parts of the MAT are required to notify immediately the Headteacher and/or the Business Manager of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the MAT. The Headteacher and/or Business Manager should bring this to the attention of the Chair of the Finance Committee and the L.E.A.D. Business Director immediately.
2. The Headteacher/Business Manager will ascertain whether or not the suspicions aroused have substance. He/She will if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chair of Finance Committee and the Chair of Governors.
3. The Headteacher will have the initial responsibility for coordinating the individual Academy's response. In doing this he/she will consult with the Academy's Human Resources Advisor regarding potential employment issues. The Headteacher will also seek expert legal advice from the Academy's Legal Advisor on both employment and litigation issues before taking any further action.
4. The Headteacher is required to notify the Local Governing Body of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Responsible Officer the Chair of Finance Committee and the Chair of Governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the Governing Body will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the Police.

## Appendix D

### Best Value Statement for Local Governing Bodies

#### Introduction

The local governing body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

#### What is Best Value

Governors will apply the four principals of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** School performance against available data.
- **Consult:** With service users, the local community etc.
- **Competition:** Wherever practicable, to secure efficient and effective services

#### The Governors' Approach

The Governors and school managers will apply the principles of best value when making decisions about:

- The allocation of resources to best promote the aims and values of the school.
- The targeting of resources to best improve standards and the quality of provision.
- The use of resources to best support the various educational needs of all pupils.

The Governors and the school managers will:

- Make comparisons with other/similar schools using available data, e.g. RAISE online, quality of teaching and learning, levels of expenditure.
- Challenge proposals, examining them for effectiveness, efficiency, and cost.
- Require suppliers to compete on grounds of cost and quality/suitability of services/products.
- Consult individuals and organisations on quality/suitability of service we provide to parents pupils, and services we receive from providers.

This will apply in particular to:

- Staffing
- Use of premises
- Use of resources
- Quality of teaching
- Quality of learning
- Purchasing
- Pupil's welfare
- Health and safety

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable issues.

#### Staffing

Governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

### Use of Premises

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources.

### Use of Resources

Governors and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning.

### Teaching

Governors and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils.
- teaching which builds on previous learning and has expectations of children's achievement

### Learning

Governors and school managers will review the quality of children's learning by setting of pupil achievement targets.

### Purchasing

Governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.

### Pupil's Welfare

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

### Health and Safety

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

### Monitoring

These areas will be monitored for best value by:

1. Departmental Reviews by the Head Teacher & Senior Leadership Team.
2. Termly target setting meetings between Head Teacher, Senior Leadership Team and head of departments.
3. Annual performance management.
4. Annual budget planning.
5. Head Teacher's reports including financial review.

6. Feedback from responsible officer and audit report.
7. Analysis of school pupil performance data.
8. Analysis of LA/DfE financial data.
9. Analysis of DfE pupil performance data.
10. Key issues for action identified by OFSTED.
11. Governors termly committee meetings
12. Governor's annual staff salary review.

## Appendix E

### Travel and Subsistence Policy

#### Introduction

If an employee is not sure whether they will be able to make a claim in a particular situation, they should ask before they incur any expenses, as this may not be reimbursed. Clarity should be sought before claim is submitted.

It is very important that claims are not made outside the terms of this policy and guidance unless permission has been given specifically to deal with a particular situation.

#### Accommodation

All overnight stays must be approved in advance by the appropriate authorised officer.

In some situations, particularly certain training courses, accommodation is provided as part of the package, in which case employees do not need to make any claim. In other cases, the employee will be reimbursed the actual cost of bed and breakfast incurred.

#### Out-of-pocket Expenses

Employees attending residential training courses are entitled to claim an allowance to cover incidental out-of-pocket expenses (e.g. telephone calls to home). The amount is published with other allowance figures and is updated annually on 1st April; payment of the allowance is limited to 6 weeks for any one course.

Exceptionally, if employees need to travel abroad, escorting clients/pupils, attending conferences etc, a separate allowance in respect of out-of pocket expenses may be claimed.

#### Travel

##### General Principles

Employees should only make business journeys when they are absolutely necessary. Other options should always be considered before travel is undertaken which are more efficient and cost effective for example email, telephone, video or telephone conferencing.

Where a business journey is necessary, employees are expected to organise it in the shortest and most effective way.

Employees whose post requires them to undertake business travel are responsible for their own travel arrangements and these must be carried out in the most effective and efficient way to perform the job. The MAT will support necessary business travel, including reimbursement of costs arising from the use of employees' own vehicles.

Environmentally friendly travel should be encouraged. Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

##### Mileage Payments

Employees who use their own car, van, motorcycle or cycle for official MAT work purposes are entitled to be reimbursed in accordance with Her Majesty's Customs and Revenue (HMRC) approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together.

In addition to mileage rates detailed, employees who take passengers in a car or van may claim a passenger mileage payment per passenger per mile. The passenger must be an employee of The MAT or an employee of a partner organisation on the same Academy business. Where the passenger does not start or finish their journey at the same time as the driver, then the driver can only claim for the number of miles that the passenger was actually present in the vehicle.

The basic criteria for claiming official mileage is that this should be calculated from the employee's workplace and back again. Normal everyday home to office mileage is the employee's responsibility.

Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in to the workplace first, they are only entitled to claim the number of miles over and above their normal home to work mileage. On this basis, all travel claims in any one day should always exclude the employee's normal home to office miles regardless of the reason e.g. training course etc.

The only circumstance in which normal home to office mileage is payable is where a second journey from home to a place of work is made on the same day in order to carry out official duties. Where an employee agrees to work on a day they would not normally work, it is still their responsibility to get to and from work (including training courses). Therefore, no home to office mileage is payable.

### Other conditions

Where an employee is required to travel from their normal workplace to carry out their day to day role, travelling time is included within their normal working day. However, employees who are expected to travel to training courses can claim no more hours than their normal working day including travelling time. Where there are excessive demands placed on an employee, for example very long distances travelled which extend significantly over the working day and where such occurrences happen repeatedly over a short period of time, then management will have discretion, as a gesture of goodwill, to allow some time in lieu as recompense.

### Rail Travel

If an employee requires a rail ticket for business purposes they must contact the authorised person who can organise this for them.

Employees are expected to travel standard class effective from the 1<sup>st</sup> June 2013, and take advantage of off peak or other reduced rates if the circumstances allow. First Class travel may be used provided prior departmental approval is obtained, if:

- accompanying someone else travelling First Class; or
- the timing of a journey would make it impossible to work effectively, e.g. peak holiday periods; or
- standard class accommodation is full; or
- the additional cost of travelling by First Class is no more than £50 in total.

### Parking Expenses

Bus fares and car-parking charges incurred on Academy business may be reclaimed in full.

The MAT will not reimburse in respect of parking and similar fines.

### Authorisation

The formal responsibility for authorising business journeys rests with the other authorised officer. Employees are advised to seek approval in advance for any unusual journeys where

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there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

### Methods of Claiming

Employees should complete the Travel, Subsistence and Expenses Claim, attaching the relevant VAT receipts. Claims should be made on such dates specified by an individual department and submitted immediately to departmental administrators in order that processing by the Payroll Department may take place in time for the following month's payroll. Claims must be made on a monthly basis; if an employee delays and then submits forms covering a substantial period they must expect a delay in processing and payment.

Employees should note the terms of the declaration on the claim form. No one should make or approve a claim if the conditions explained in this policy have not been met. The MAT will take a very serious view of fraudulent or negligent claiming or certification.

### Insurance

Employees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured

The following rates apply to employees who are required to travel on the MAT business from 06 April 2013:

Pence per mile

Car or Van Users

First 10,000 miles 45p

After 10,000 miles 25p

Motorcycle Users 24p

Bicycle Users 20p

Passengers 5p

## Appendix F

### Financial Reserves Policy

#### Introduction

The MAT Board and Local Governing Bodies need to consider the level of reserves the school should hold. Levels of reserves which are too high tie up money which should be spent on current school activities. Levels of reserves which are too low may put the future activities of the school at risk.

#### The reserves policy

The reserves policy:

- Assists in strategic planning by considering how new projects or activities will be funded.
- Informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects.
- Informs the budget and risk management process by identifying any uncertainty in future income streams.

#### During the financial year

The trustees identify:

- When reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken.
- When reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken.
- Where the reserves level is below target and consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves.

#### Development of the academy's reserves policy

When considering an appropriate level of reserves, the trustees consider:

- The risk of unforeseen emergency or other unexpected need for funds.
- Covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence.
- A fall in a source of income, such as lettings.
- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project.
- The need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received.

The financial risks identified determine the amount of reserves the academy targets to hold.

## In-year reports to the MAT Board and the Local Governing Bodies

In-year reports:

- Compare the amount of reserves held with the target amount or target range set for reserves.
- Explain any shortfall or excess in reserves against target set.
- Explain any action being taken or planned to bring reserves into line with target.

## Annual financial statements

The reserves policy disclosed in the MAT report will include the following information:

- Why reserves are held.
- What amount/range of reserves is considered appropriate for the academy trust.
- What the level of reserves is at the year end.
- How the academy trust is going to achieve the desired level or range of reserves.
- How often the reserves policy is reviewed.

## Target range of reserves for the financial year

The MAT has decided that the reserves level for 2013 will be £150,000 based on analysis of the points above and the likelihood that they may occur and the amount of funding that would be required if they did. The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan.

Each Local Governing Body is advised to set a reserve for 2013 at £60,000.

## Monitoring and evaluation of the policy

This policy will be monitored regularly for any changes in legislation or directions from the DFE which may have an effect and evaluated in the light of any comments made by the DFE, EFA, auditors and any other interested parties.

## Reviewing

The Headteacher and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

## Appendix G

### Whistleblowing Policy

#### Purpose

The purpose of this policy is to make clear that employees can and should voice concerns without fear of victimisation, subsequent discrimination or disadvantage. It is intended that this policy will encourage and enable employees to raise serious concerns within the school and the L.E.A.D. Multi Academy Trust rather than overlooking a problem or 'whistleblowing' outside the organisation.

#### Applicability

This policy applies to all employees within the MAT whether on a permanent or on a fixed term contract. It also applies to contractors working for the school or MAT. It also applies to contractors working for the School or the MAT.

#### Roles and Responsibilities

The MAT along with the Local Governing Body and management of the school has overall responsibility for ensuring that the Whistleblowing Policy is managed appropriately in accordance with this agreed procedure.

The Headteacher/Principal along with line managers is responsible for making employees aware of the existence of this policy. The Headteacher/Principal is responsible for maintaining a record of concerns raised and outcomes (but in a form which does not endanger confidentiality) and will report to the Local Governing Body and MAT as necessary.

Employees are responsible for making themselves familiar with and complying with this policy.

#### Policy

Employees could be the first to realise that there may be something seriously wrong within an individual school or the MAT. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the school. They may also fear harassment or victimisation. In these circumstances the employee may feel it is easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The MAT is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, and others that we deal with, who have serious concerns about any aspect of the MAT's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.

This policy aims to encourage employees to feel confident about raising serious concerns and to question and act upon concerns about practice and to provide avenues for employees to raise those concerns and receive feedback on any action taken. The policy also aims to reassure employees that they will be protected from possible reprisals or victimisation if they have a reasonable belief and have made any disclosure in good faith.

A Grievance Procedure exists to enable an employee to lodge a grievance relating to his/her own employment. The Whistleblowing Policy is intended to cover major concerns that fall outside the scope of other procedures. This includes:

conduct which is an offence or breach of the law

disclosures related to miscarriages of justice

serious health and safety risks, including risks to the public as well as other employees

serious damage to the environment

the unauthorised use of public funds

sexual or physical abuse of pupils

unethical conduct

Any serious concerns that an employee may have about any aspect of conduct by employees of the school or others acting on behalf of the school may be reported under this policy. This policy does not replace the MAT's complaints procedure.

### Safeguards against harassment or victimisation

The MAT recognises that the decision to report a concern can be a difficult one to make. If what the employee is saying is true, or they have a reasonable belief that it is true, the employee will have nothing to fear because they will be doing their duty to the school and pupils of the school.

The MAT will not tolerate any harassment or victimisation (including informal pressure) and will take appropriate action to protect employees when concerns are raised in good faith.

Any investigation into allegations of potential malpractice will not influence, or be influenced by, any disciplinary or redundancy procedures that already affect an employee.

### Confidentiality

All concerns will be treated in confidence and every effort will be made not to reveal the identity of an employee who raises allegations under this policy. At the appropriate time, however, the employee may need to come forward as a witness.

Employees are encouraged to put their name to allegations wherever possible. This is because concerns expressed anonymously are much more difficult to investigate. Therefore anonymous allegations will be considered at the discretion of the Headteacher in consultation with the Chair of the Local Governing Body.

### Untrue allegations

If an employee makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against the employee. If however, the employee makes an allegation frivolously, maliciously or for personal gain, disciplinary action will be taken against the employee.

### How to raise a concern

In most circumstances the employee should raise concerns with their immediate line manager. This depends, however, on the seriousness and sensitivity of the issues

involved and who is suspected of malpractice. For example, if the employee believes that senior management is involved, the employee should approach the Headteacher, Chair of the Local Governing Body or the Board of MAT Directors.

Concerns may be raised verbally or in writing. It is helpful for the following information to be provided: the background and history of the concern (giving relevant names and dates) and the reason why the employee is particularly concerned about the situation.

The earlier the employee expresses the concerns, the easier it will be to take action.

Although the employee is not expected to prove beyond reasonable doubt the truth of an allegation, the employee should demonstrate to the person contacted that there are reasonable grounds for the concern.

The employee may wish to consider discussing the concern with a colleague or trade union representative first and may find it easier to raise the matter if there are other colleagues who have the same experience or concerns.

### How the School will respond

The school may need to test out the concerns. Where appropriate the concerns may be investigated by management, this could be through the disciplinary process where relevant; or form the subject of an independent inquiry.

In order to protect individuals and those accused of malpractice, initial enquiries will be made to decide whether an investigation is appropriate, and if so, what form it should take. Some concerns may be resolved by agreed action without the need for investigation.

Within 10 working days of a concern being raised the Headteacher or Chair of the Local Governing Body will write to the employee:

- acknowledging that a concern has been raised
- indicating how it is proposed to deal with the matter
- giving an estimate of how long it will take to provide a final response
- telling the employee whether any initial enquiries have been made
- telling the employee whether further investigations will take place and if not, why not.

The amount of contact between the individual considering the issue and the employee who raised the issue will depend on the nature of the matters raised; the potential difficulties involved and the clarity of information provided. If necessary the school will seek further information from the employee.

The school accepts that the employee will need to be assured that the matter has been properly addressed and therefore the school will inform the employee of the steps that have been taken to resolve the matter as appropriate. Where the employee has raised concerns in writing, then the school should confirm their course of action in writing also.

### How the matter can be taken further

The aim of this policy is that employees should be able to raise concerns internally and it is hoped that the employee will be satisfied with any action taken. If this is not the case then they may raise their concerns to the MAT. If the employee wishes to take the matter outside of the organisation then the following are possible contact points:

- public concern at work
- audit commission

- a relevant trade union
- citizens advice bureau
- relevant professional bodies
- regulatory organisations
- local police

If the employee chooses to take the matter outside of the school and MAT then the employee should ensure that they do not disclose confidential information. An employee should not take concerns directly to the media.

## Appendix H

### Fixed Asset Policy

#### 1. Introduction

The purpose of this policy is:

- To provide guidance when dealing with capital expenditure and the purchase and disposal of fixed assets (as defined below);and
- To provide guidance on other aspects of fixed asset accounting such as depreciation and revaluation

#### 2. Definitions

##### Accumulated Depreciation

The total accumulated amount charged to the income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the balance sheet will be reduced over the useful life of the asset.

##### Capitalisation

The addition to the balance sheet of an amount in respect of an asset which has come into the possession of the School, whether through purchase or donation or gift in kind.

##### Carrying amount/net book value

The purchase cost (or valuation) of a fixed asset less the accumulated depreciation on that fixed asset.

##### Depreciation

The charge made to the income and expenditure account each month to reflect the use of the asset by the business during the period.

##### Fixed Assets

A fixed asset is an asset that has a useful life greater than one year. This includes land, buildings, office furniture and equipment (e.g. air conditioning, heating systems), vehicles, IT equipment and other classroom equipment. These are included in the School balance sheet. Consumables which are used on a daily basis are not fixed assets.

##### Fixed Asset Register

An inventory of all fixed assets which must include date purchased the depreciation rate, net book values and the depreciation on the L.E.A.D. portal.

##### Grant

Funds given to the School by a third party, subject to complying with any terms and conditions attached to the grant, to purchase unspecified fixed assets.

## Recoverable Amount

The cash proceeds when an asset is disposed.

### 3. Categories of Fixed Assets

This list describes the categories of fixed assets most commonly used by Schools. It is not exhaustive and other categories may be added but only with the approval of the Business Director.

#### Freehold and Long Leasehold Buildings

The cost of acquiring freehold and long leasehold land and buildings. It includes all external costs incurred as part of the acquisition such as legal and professional fees as well as other costs such as building costs which are necessary in order to bring the asset into use.

The MAT must seek and obtain prior written approval from the Secretary of State, via the EFA when acquiring a freehold on land or buildings.

#### Fixtures and Fittings

Items such as shelving, fixed or free standing, soft furnishings and general furniture such as chairs, desks which will last a number of years but not as long as the building in which they reside.

#### Plant and Equipment

Items such as air conditioning, lifts, heating system, diesel generators and classroom equipment which will be used for several years.

#### Computer Equipment and Software

Cost of the computer hardware used throughout the School along with 'significant' software.

### 4. Criteria for Capitalisation of Assets

#### Expenditure Eligible for Capitalisation

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and exceeds £5000, should be identified and flagged as a fixed asset. The asset should be recognised on the School balance sheet.

The cost of the fixed asset should include the cost of the asset and any other costs directly attributable in bringing the asset into a condition where School employees can use it. Such costs include, but should not be limited to:

- Costs of enhancements (not repairs and renewals), which significantly extend the life of the asset and would not be carried out on a regular basis (e.g. building improvements).
- Costs of external consultants whose work is directly attributable to the implementation of the asset.

#### Expenditure Not Eligible for Capitalisation

Individual items costing less than £500, unless purchased in bulk as part of a capital project.

Costs of staff training as part of normal business activities.

Administration and general overheads for running day to day activities.

Planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants.

Cost of abortive work.

Post implementation support and maintenance costs related to software installation.

## 5. Accounting Treatment (valuation in balance sheet)

Only costs eligible for capitalisation should be entered into the accounts.

Costs must be allocated against individual fixed assets.

The cost of the asset includes the purchase price (including import duties and non-refundable taxes) and any other direct attributable costs of bringing the asset to working condition. Discounts received should be deducted from the total cost.

Expenditure on enhancing a fixed asset already recognised on the balance sheet should be added to the carrying amount where the expenditure meets the definition above.

Fixed assets purchased with grant money must be clearly identified in the fixed asset register on the L.E.A.D. portal.

## 6. Revaluation of Fixed Assets

Freehold and long leasehold land and buildings will be revalued by independent valuers every five years.

Gains on revaluation of fixed assets must be credited to the relevant reserve as follows:

- Land and building revaluations should be transferred to a designated revaluation reserve.
- Losses on revaluation must be debited to the relevant reserve (revaluation, fixed assets revaluation reserve) to the extent that gains have previously been recognised and recorded.

## 7. Depreciation

Depreciation is charged against fixed assets over the expected useful life of the asset to reflect the usage of the asset over time.

The L.E.A.D. Multi Academy Trust uses the straight line method of depreciation where the asset cost is written down in equal annual amounts over its expected useful life.

The period over which the asset is depreciated varies according to the category of the asset.

All tangible fixed assets, other than assets in progress must be depreciated as follows:

ASSET GROUP	DEPRECIATION METHOD
Land	No depreciation
Buildings and Building modifications	2% (50 yrs) Straight line
Plant and Machinery	20% (5 yrs) Straight line with nil residual value
Furniture and Equipment	10% (5yrs) Straight line with nil residual value
Computer Equipment and Software	25% (4 yrs) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value.

Depreciation will be charged from the month in which a newly purchased asset comes into use.

Depreciation ceases to be charged in the month the asset is disposed.

## 8. Disposal of Fixed Assets

When a fixed asset is sold or otherwise disposed, a profit or loss may arise. This is the difference between the total sale proceeds, less the cost of disposing of the asset, and the net carrying amount of the asset.

The profit or loss arising on disposal should be recognised as follows:

Profits on disposal of fixed assets must be included in the income and expenditure account under 'profit or loss on sale of assets'.

Losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account within the income and expenditure account.

Any asset that is lost or destroyed, and subsequently replaced through insurance proceeds should be removed from the balance sheet. The profit or loss arising (the difference between carrying amount and insurance proceeds) must be recognised in the income and expenditure account under profit and loss on sale of fixed assets. The replacement asset is capitalised at cost in the normal way.

The MAT must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following transactions:

Disposing of a freehold on land or buildings; and

Disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

The MAT may **dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above)** without the approval of the Secretary of State.

The MAT must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

## 9. Custodial Review

The fixed asset register must be formally checked to the assets held at least once a year by the School Business Manager or Office Manager.