



ATLP Multi Academy Trust

Finance Policy

2020-21

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Statement of intent

It is important for The Arthur Terry Learning Partnership (ATLP) to demonstrate that trustees, members, staff and volunteers do not benefit personally from decisions made with regards to the spending of public money. To ensure that the financial standing of the MAT cannot be brought into disrepute, this policy will be implemented by all academies within the MAT, guaranteeing consistency in financial procedures across the academies.

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

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

This policy is to be referenced in conjunction with the Academies Financial Handbook 2020.

All employees must make themselves aware of the Trust's Finance Policy.

1. Legal framework

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

- The Employment Relations Act 1999
- Companies Act 2006
- The Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- ESFA (2020) 'Academies financial handbook 2020'
https://assets.publishing.service.gov.uk/media/5ef0a9a5d3bf7f6c03ed25b7/Academies_Financial_Handbook_2020.pdf
- DfE (2016) 'Academies financial assurance'
- ESFA (2019) 'Declare or seek approval for related party transactions: summary guidance'
- DfE (2019) 'Good estate management for schools'

1.2. This policy operates in conjunction with the following Trust policies:

- Teachers' Pay Policy
- Support Staff Pay Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Data Protection Policy
- Anti-fraud and Corruption Policy
- Whistle Blowing Policy
- Internal Controls Framework

2. Roles and responsibilities

2.1. The **MAT's Members** are responsible for:

- Appointing the Trust Board's auditors and receiving the Trust Board's audited annual accounts.
- Conducting the business of the Trust Board in accordance with company and charity law and adhering to the Trust's funding agreement with the Secretary of State
- Appointing the external and internal auditors.
- Assuring that the board is exercising effective governance.
- Members must not be employees of the trust, nor occupy unpaid staff roles.

2.2. The **MAT's Board of Trustees** is responsible for:

- Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Overseeing the financial performance of the Trust.

- Ensuring that the Trust's practices reflect the 'seven principles of public life' (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- Ensuring that funds are received according to the academies funding agreement and are used only for the purposes intended.
- Ensuring the Trust complies with any financial notices to improve issued to it by the ESFA and that these are published on the Trust's website within statutory timeframes.
- Approving the annual budget, consolidated budget, central budget and each academy's budget, including challenging pupil number estimates.
- Ensuring the Trust has sound internal control, risk management and assurance processes.
- Ensuring that their decisions about levels of executive pay, including salary and benefits, follow a robust evidence-based process and are reflective of the individual's role and responsibilities.
- Overseeing the financial performance of the organisation and making sure its money is well spent.
- Approving the MAT's three-year financial plan.
- Ensuring an appropriate scheme of delegation is in place.
- Ensuring assets are effectively managed.
- Approving purchases of goods, services and contracts over £60,000.
- Approving formal **tenders** over £100,000.
- Ensuring accurate accounting records are maintained.
- Ensuring regularity and propriety in the use of the MAT's funds, and achieve economy, efficiency and effectiveness.
- Appointing an ATLP Audit Committee to advise in the adequacy of financial and other controls and risk management arrangements, direct a programme of internal scrutiny, and consider the results and quality of external audit.
- Receiving the annual audit report.
- Approve the response to the Auditor's Management Letter.
- Appointing the ATLP Finance Committee and approving its terms of reference.
- Appointing the ATLP Audit Committee and approving its terms of reference.
- Approving severance and compensation payments up to £50,000, after which they must seek the ESFA's approval.
- Approving property lettings over one year and/or over £25,000.
- Appointing, in writing, a senior executive leader who may be appointed as a trustee.
- Appointing, in writing, an appropriate accounting officer that is the senior executive leader and must be employed by the trust.
- Ensuring the roles of senior executive leader and accounting officer do not rotate.
- Appointing an appropriately qualified and/or experienced FD who is employed by the trust.

- Referring to the competency framework for governance to determine if any skills gaps are apparent and taking steps to mitigate these.
- Referring and adhering to the six features of effective governance as set out in the 'Governance Handbook'.
- Keeping the Trust's approach to internal scrutiny under review, considering any changes to the Trust's size, complexity or risk profile.
- Taking advice from the ATLP Audit Committee and ensuring there is an appropriate, reasonable and timely response by the Trust's executive team to findings by auditors, taking opportunities to strengthen systems of financial management and control.
- Appointing a clerk to support the board of trustees who is someone other than a trustee, principal or chief executive of the trust.
- Keeping members informed about trust business.
- Ensuring that financial plans are prepared and monitored to ensure the trust remains a going concern and is financially sustainable.
- Taking an integrated approach to curriculum and financial planning and delivering the trusts educational priorities with the funding available.
- Agreeing the whistleblowing policy and publish it on the trusts website.
- Reviewing the risk register annually.
- Completing the School resource management self-assessment tool and submit to the ESFA.

2.3. The **Accounting Officer** is responsible for:

- Sharing the ESFA's 'Dear Accounting Officer' letter with the members, trustees, the FD and other members of the Executive and Leadership Team, arranging for it to be discussed by the Trust Board and taking action, where appropriate, to strengthen the Trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and the 'Academies Financial Handbook 2020' (AFH), and with the Trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the audited accounts.
- The Trust's financial affairs.
- Keeping full and accurate financial records.
- The management of opportunities and risks.
- Assuring trustees that the Trust is compliant with the AFH and the funding agreement.

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

2.4. The **FD** is responsible for:

- Acting as the principal finance officer for the MAT.
- Ensuring that the MAT's financial position is managed at a strategic level within the framework for financial control determined by the board of trustees.
- Leading and advising on the strategic financial health and efficiency of the Trust.
- Ensuring that all financial matters focus on the wider needs of the MAT, rather than on any individual academy.
- Working with internal auditors to provide assurance to the ATLP Audit Committee and trustees.
- Ensuring the trustees report and annual accounts are properly presented and adequately supported by the underlying books and records of the MAT.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the MAT.
- Acting as an authorised signatory of the MAT bank account and the bank accounts of the academies within the MAT.
- Ensuring that financial returns for the MAT are submitted in line with statutory timeframes.
- Ensuring the long-term financial strategy of the Trust is effectively implemented.
- Approving purchases and contracts between £25,000 and £60,000.
- Liaising with the headteacher and finance manager for each academy regarding financial matters.
- Maintaining CPD and undertake relevant ongoing training.

2.5. The Central Finance Management Team is responsible for:

- Delivering the trustees' financial strategy under the guidance of the FD.
- Strategic guidance and advice for the academy finance managers.
- Payment Practices and Performance Data Return to Companies House.
- Review of monthly budget monitoring reports.
- Approving new suppliers.
- Preparation of monthly management accounts including cash flow projections.
- Monthly VAT return.
- Support, guidance and financial set up of new academies joining the Trust.

- Ensuring implementation and management of internal controls.
- End of year financial processes and preparation for annual internal and external audit.
- Preparation and monitoring of the central budget plan.

2.6. The **MAT's Finance Committee** is responsible for:

- Reviewing the MAT's consolidated budget, central budget and three-year financial plan, as well as making recommendations to the Trust Board regarding these key documents.
- Recommending the annual budget for each academy to the Trust Board.
- Monitoring financial efficiency.
- Making proposals to the trustees regarding use of reserves.
- Authorising Estates Management, SCA and DFC strategy.
- Regularly monitoring expenditure and income against the budget and making any recommendations to the board of trustees.
- Ensuring appropriate insurance arrangements are in place for the MAT.
- Writing off bad debts over £500.
- Authorising the disposal of assets over £5000.
- Supporting the board in maintaining the trust as a going concern.

2.7 The **MAT's Audit Committee** is responsible for:

- Reviewing internal and external audit reports on the effectiveness of the financial procedures and controls of the MAT.
- Reviewing the auditor's findings and actions taken by the trusts managers in response to those findings.
- Reviewing the external auditors plan each year.
- Assessing the effectiveness and resources of the external auditor to provide a basis for decisions by the trusts members about the auditors reappointment or dismissal or retendering.
- Approval and implementation of appropriate accounting policies.
- Ensuring an appropriate framework of internal financial controls is established.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and related ESFA guidance.
- Proposing the Trust's consolidate financial statements, the trustees annual report and the response to the Auditor's Management Letter to the trustees.
- Ensuring the Trust's annual summary report of the areas reviewed, key findings, recommendations and conclusions is submitted to the ESFA each year and providing additional internal scrutiny reports if requested.

- Directing the Trust’s programme of internal scrutiny, ensuring that risks are being addressed appropriately and reporting to the Trust Board on the adequacy of the Trust’s financial and other controls and management of risks.

2.8 The **Local Governing Body** is responsible for:

- Receiving the approved budget for their academy.
- Ensuring that any grants are used for the purposes intended.
- Reviewing the actual income and expenditure against the approved budget for their academy and reporting any concerns to the FD.
- Ensuring compliance with the Scheme of Delegation.

2.9 The **Clerk** to the Trust Board is responsible for:

- Ensuring the efficient functioning of the Trust Board by providing:
 - Administrative and organisational support.
 - Guidance to ensure the Trust Board works in compliance with the appropriate legal and regulatory framework and understands the potential consequences of non-compliance.
 - Advice on procedural matters relating to the operation of the Board.

2.10 The **headteacher** of each academy is responsible for:

- Ensuring budgetary control within approved budgets.
- Signing cheques, where applicable.
- Authorising purchase requisitions from approved budget allocations.
- Signing documentation for approved new staff appointments and approved amendments to staff contracts, once authorised in line with agreed MAT procedures.
- Ensuring that draft budget documents are prepared within the published timeline, for the review by the ATLP Finance Committee.
- Authorising the disposal of assets between £500 and £4000 – ensuring the finance manager is advised.

2.11 The **Finance Manager** of each academy is responsible for:

- Managing day-to-day financial issues, including the establishment and operation of the accounting system.
- Support the FD with delivering the financial strategy for the Trust.
- Maintaining effective internal controls.
- Compliance with Trust policies relating to financial management i.e. finance, anti-fraud, risk management, charging and remissions.
- Managing their academy’s financial position at a strategic and operational level within the framework for financial control determined by the Trust Board.

- Preparing a draft and revised final budget plan in conjunction with the headteacher and with the support of the FD, whilst seeking to meet the requirements of trustees.
- Maintaining accurate accounting records.
- Ensuring that purchase orders are raised prior to ordering goods/services, wherever possible, to ensure compliance with internal controls and effective budget monitoring and management.
- Ensuring that payments are made to suppliers within 30 days after the date of the invoice.
- Monitoring the budget on a monthly basis, complying with MAT guidance and timescales.
- Ensuring completion of monitoring spreadsheets for agency supply and overtime expenditure.
- Ensuring the monthly completion of bank and purchase card reconciliations.
- Acting as an authorised signatory for the purposes of signing cheques, certifying employee claims, subject to appropriate authority.
- Authorising purchase orders within SAGE, subject to appropriate delegated authority.
- Managing and processing online payments, subject to appropriate authority.
- Ensuring that proper checks and controls are in place to cover day-to-day activities in accordance with the finance and policy and procedures.
- Ensuring VAT is correctly accounted for.
- Preparation for internal and external audit.
- Undertake checking, authorisation and submission of staff mileage claims.
- Manage the workload and provide line management support to the finance officer/assistant(s).
- Participation in working parties to support financial management, efficiency and internal controls.
- Liaising with the central finance team in respect of any queries, and ensuring data is prepared within agreed timescales.
- Attend regular finance/budget meetings with the headteacher.

3 Budget setting

3.1 Any significant variances to the approved budget will be reported to the LGB and FD by the headteacher.

3.2 The budget planning process follows an annual planning cycle and consists of the following five phases:

- Spring 2: Planning to prepare a draft 3-year budget plan
- Summer 1: Preparation of draft 3-year budget plan
- Summer 2: Finalising and presentation of 3-year budget plan to LGB and the ATLP Finance Committee

- Approval of 3-year budget plan by Trust Board
- End of October onwards: Monthly budget monitoring against approved budget plan and forecast outturn
- Ongoing basis: Review of long term budget sustainability

All schools are provided with a 'Budget Planning Guidance' document towards the end of the Spring term which details information about the budget planning process and a timeline.

3.3 The budget process takes the following elements into account:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
- Review of other income sources
- Review of past performance against budgets
- Review of financial KPIs and long term financial sustainability
- An annual review of expenditure headings to reflect known changes and expected variations in costs
- An annual review centrally of pay increases, pension rates, inflation or other anticipated changes

3.4 When reviewing and approving budgets for the Board, trustees ensure the following:

- That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
- Pupil number estimates are challenged and that these underpin revenue projections.
- An integrated approach to curriculum and financial planning is taken.

3.5 Each academy within the MAT will have an independent budget which will be monitored by their LGB.

3.6 A balanced budget for the forthcoming financial year will be approved by the Trust Board and this approval will be minuted.

3.7 The annual budget will reflect the best estimate of the resources available to the MAT for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in school development plans.

3.8 Both medium-term and short-term financial plans are prepared for the MAT and each of the academies in the MAT.

3.9 The medium-term plan indicates how the MAT's and each academy's educational aims and other objectives are going to be achieved within the expected level of resources over the next three years.

3.10 The development plan provides the framework for the annual budget.

3.11 Once budgets are approved, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

3.12 The Trust Board will notify the ESFA within 14 days of proposing to set a deficit revenue budget.

4 Budget management and monitoring

4.1 To implement a smooth-running planning process, the FD will create a budget planning timetable and guidance document which will ensure consistency and compliance.

4.2 The finance managers are responsible for monitoring income and expenditure in their academy throughout the year, in accordance with the time scales published by the central finance team.

4.3 The FD will ensure provision of monthly management accounts, setting out the Trust's financial performance and position which will include a variation to the forecast long term position. The accounts will be shared with the Chair of the Trust Board every month and with other trustees six times a year.

4.4 The Trust Board will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability.

4.5 The Trust Board will select key financial performance indicators and measure its budget planning against them.

4.6 Any potential overspend against the budget will be discussed with the FD before receiving approval.

4.7 The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate.

4.8 The ATLP Finance Committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

4.9 The Trust will submit the following returns to the ESFA:

- A budget forecast return outturn by 21 May
- A three-year budget forecast return by 30 July

The returns will be approved by the Trust Board before submission to the ESFA.

4.10 Where the Trust Board has concerns about the Trust's financial performance, it will consider whether additional financial reporting is required.

4.11 Where the Trust Board has concerns about the Trust's financial performance, it will act quickly to ensure the Trust has adequate financial skills in place and consider whether additional financial reporting is required.

5 Reserves

5.1 The trustees' policy on reserves seeks to balance the competing priorities of expending resources on students, principally through the provision of highly

qualified staff, and the need to retain resources to manage future uncertainty. Wherever possible the Trust seeks to maintain (one month of operating expenses of a third of its schools) approximately 2.75% as a cash reserves balance. (Approximately £1,266,485 in 2019/20)

6 Cash management

- 6.1 The Trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn. The trust may be required to report its cash position to the ESFA if there are concerns about financial management.
- 6.2 The senior finance manager will prepare cash flow forecasts to ensure that the MAT has sufficient funds available to cover day-to-day operations.
- 6.3 When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.
- 6.4 The procurement of goods and services using each academy's purchase card will be kept to a minimum and monitored by the MAT's FD. Such purchases must follow the identified purchase order process.

7 Purchasing, procurement and returns

- 7.1 All academies within the MAT will act in accordance with the MAT's tendering and procurement arrangements detailed below.
- 7.2 All new suppliers must be approved by the central team before committing any expenditure.
- 7.3 An accepted tender will be the one that is economically most advantageous, unless it can be demonstrated that this is not the best option for the MAT and other factors outweigh any monetary savings.
- 7.4 To maintain integrity concerning the use of public funds, the following general principles will be adhered to:
 - **Probity** – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the MAT.
 - **Accountability** – the MAT is publicly accountable for its expenditure and the conduct of its affairs.
 - **Fairness** – all tenders dealt with by the MAT are done so fairly and equally.
- 7.5 There are three forms of tender procedure: open, restricted and negotiated.
- 7.6 Open tenders are where potential suppliers are invited to tender. This method involves the finance manager/member of the executive team discussing and agreeing with the FD how best to advertise for suppliers.
- 7.7 Restricted tenders refer to where suppliers are specifically invited to tender. This method is appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs.

- A large number of suppliers are likely to register an interest.
- The nature of the goods means that only specific suppliers can be expected to supply the Trust's requirements.
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

7.8 Negotiated tenders mean that the terms of the contract may be negotiated with one or more chosen suppliers. This method is appropriate where:

- Other tender methods have resulted in either no or unacceptable tenders.
- Only one or very few suppliers are available.
- Extreme urgency exists.
- Additional deliveries by existing suppliers are justified.

7.9 When preparing for tender, full consideration will be given to the objectives of the project, the overall requirements regarding the technical skills necessary and after sales service requirements.

7.10 The tender evaluation process will involve at least two people who will disclose any conflicts of interest.

7.11 The MAT will aim to achieve the best possible value for money for all its purchases, ensuring that services are delivered in the most economical, efficient and effective way.

7.12 The finance manager of each academy is responsible for ensuring procedures are in place for testing the market, placing orders and paying for goods or services.

7.13 Where the value of an order is over £7,500, the requisition must be accompanied with three quotes, to identify best value.

7.14 The FD is responsible for approving purchases and contracts between £25,000 and £60,000 for the MAT.

7.15 Goods or services ordered with a value of £100,000 or more, or for a series of contracts which in total exceed £100,000, are subject to formal tendering procedures.

7.16 Purchases and contracts over £60,000 will be authorised by the board of trustees.

7.17 Funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

8 Income and expenditure

8.1 The main source of income for the MAT and its academies is through the grants received from the ESFA.

8.2 The senior central team finance manager monitors the receipt of grants, ensuring that all grants due to the academies within the MAT are appropriately collected.

8.3 The MAT collects income from parents mainly using an online cashless system.

8.4 The finance manager in each academy is responsible for preparing reconciliations for school trips to ensure financial viability.

9 Investments

9.1 Where the Trust Board wishes to make investments to further the Trust's charitable aims, it will ensure that investment risks are properly managed.

9.2 When considering an investment, the board will:

- Act within its powers to invest as set out in the articles of association
- Ensure value for money.
- Take advice from professional advisers where appropriate.
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Ensure investment decisions are in the best interests of the MAT.

9.3 Prior approval will be sought from the ESFA prior to any investment transactions that are novel, contentious and/or repercussive, regardless of value.

10 Schedule of freedoms and delegations

Novel, contentious and repercussive

Novel, contentious and repercussive transactions

ESFA agreement required [5.5 AFH]

Special payments

Staff severance and compensation

ESFA agreement required if £50,000 or more, before deductions [5.10 and 5.14 AFH]

Ex gratia payments

ESFA agreement required [5.17 AFH]

Write-offs and liabilities (subject to £250,000 ceiling)

Writing-off debts and losses

Entering into guarantees, indemnities or letters of comfort

ESFA consent required if exceeds: ♣ 1% of annual income or £45,000 individually; or ♣ 2.5% or 5% of annual income cumulatively [5.19 AFH]

Acquisition and disposal of fixed assets

Acquiring freehold land/buildings

ESFA agreement required [5.22 AFH]

Disposing of a freehold on land/buildings

ESFA agreement required [5.22 AFH]

Disposing of heritage assets

ESFA agreement required [5.22 AFH]

Other disposals

Trust has full discretion [5.23 AFH]

Leasing

Taking up a finance lease

ESFA agreement required [5.25 AFH]

Taking up a leasehold on land and buildings

ESFA agreement if lease term seven years or more [5.25 AFH]

Taking up an operating lease

Trust has full discretion [5.26 AFH]
Granting a lease on land and buildings
ESFA agreement required [5.25 AFH]

GAG

GAG carry forward
No limits if Trust eligible [5.59 AFH]
Pooling by MATs
No limits (except PFI) if Trust eligible [5.29 AFH]

Borrowing

Bank or sponsor loan, overdraft
ESFA agreement required [5.32 AFH]
Credit cards (for business use)
Trust has full discretion provided charges not incurred [5.32 AFH]

Related party transactions

Supplies to the Trust from related parties
ESFA agreement required over £20,000 and over associated limits in [5.41 AFH]

Summary of purchasing authorities and requirements

PURCHASE OF GOODS AND SERVICES

Purchase of goods and services up to £7,500
Comparison of costs where applicable, school budget holder approval

Purchase of goods and services between £7,501 to £24,999
Three quotes (must be included in approved budget). School budget holder and headteacher approval.

Purchase of goods and services between £25,000 and £60,000
Three quotes (must be included in approved budget). FD approval.

Purchase of goods and services between £60,000 and £100,000
Three quotes (must be included in approved budget). TB approval via FD.

Purchase of goods and services over £100,000
Formal tender and approval by Trust Board (must be included in approved budget)

Collective purchase of goods or services over £172,000
(EU regulations apply)

PURCHASE OF CONTRACTS

Purchase of contracts up to £7,500
Comparison of costs where applicable, school budget holder approval (notification to FD)

Purchase of contracts between £7,500 and £59,999
Three quotes, where applicable. FD approval.

Purchase of **contracts** between £60,000 and £100,000

Three quotes (must be included in approved budget). TB approval via FD.

Purchase of **contracts** over £100,000

Formal tender and approval by Trust Board (must be included in approved budget)

Collective purchase of **contracts** over £172,000

(EU regulations apply)

11 Borrowing and debt

11.1 Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.

11.2 Credit cards will only be used for business expenditure.

11.3 Payment via credit card requires the same authorisation as that of cheques/BACS.

11.4 Credit card balances will be cleared before any interest accrues.

11.5 The Trust will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.

11.6 The finance manager will contact individuals of any outstanding debts owed after 30 days of the notification of payment, e.g. an invoice being sent.

11.7 The finance manager will issue payment reminders to any non-payments at the following intervals:

- 4 weeks from the invoice being sent – first reminder
- 6 weeks from the invoice being sent – second reminder
- 10 weeks from the invoice being sent – final reminder

11.8 If, after the final reminder is sent, payment is not received in full, the FD will send a letter informing them that if they do not receive payment within 14 days then they will refer the matter to a small claims court.

11.9 The senior finance manager will keep accurate records of the debt process, including:

- Logging invoices and receipts on the Trust's accounting system.
- Keeping any emails pertaining to debt collection for three months after the payment has been made.
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.

12 Fixed assets

12.1 The Trust will obtain approval from the ESFA for the following transactions:

- Acquiring a freehold of land or buildings

- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the Trust's funding agreement for the disposal of assets generally

12.2 Other than the transactions outlined in 12.1, the Trust does not need the ESFA's approval to dispose of any other fixed assets.

12.3 Any disposal will maintain the principles of value for money, regularity and propriety.

12.4 The Trust Board will refer to the DfE's 'Good Estate Management for Schools' guidance to help them to manage capital assets and budgets.

12.5 Manage and oversee assets and maintain a fixed asset register.

13 Leasing

13.1 For the purpose of this policy, there are two types of lease:

- Finance lease – a form of borrowing
- Operating lease – not a form of borrowing

13.2 The Trust will obtain approval from the ESFA for the following lease transactions:

- Taking up a finance lease on any class of asset for any duration from another party.
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

13.3 Any lease will maintain the principles of value for money, regularity and propriety.

14 Gifts

14.1 Staff may not **accept** gifts from parents above the monetary value of £30.

14.2 Approval **must** be sought from the finance director for **purchasing** gifts from public funds, that might be seen to compromise the judgement or integrity of the Trust e.g. gifts, awards, prizes. Approved funding of gifts to trustees, governors, staff, students or suppliers, will be documented by the finance director and have regard to propriety and regularity. The purchase of alcohol using public funds is considered irregular use of public funds and **must not** be undertaken.

14.3 **Acceptance** of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the Trust should be avoided.

14.4 Any gift, hospitality, award or prize **accepted** must be recorded in the academy's gift register and advised to the FD.

15 Related party transactions

15.1 All academies within the MAT will act in accordance with the Conflicts of Interest Policy.

15.2 The MAT will be even-handed in their relationships with related parties by ensuring:

- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
- A register of interests has been completed and the Board of Trustees should keep their register of interests up to date at all times.
- No member of the MAT uses their connection to the Trust for personal gain.
- All payments are permitted by the articles of association or by authority from the Charity Commission.
- The Charity Commission approves payments to a trustee where there is a significant advantage to the academy.
- Any payment provided to the persons referred to in 15.2 satisfies the 'at cost' requirements outline in this policy.

15.3 All transactions with related parties will be reported to the ESFA in advance of the transaction taking place. This applies to transactions made on or after 1 April 2019.

15.4 The Trust Board will ensure procedures pertaining to related party transactions are applied across the MAT.

15.5 The Trust Board and Accounting Officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life.

15.6 The Chair of the Trust Board and the Accounting Officer will ensure their capacity to control and influence does not conflict with requirements.

15.7 The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the Chair of the Trust Board and the Accounting Officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

15.8 The Trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

15.9 The Trust will report **all** related party transactions made on or after 1 April 2019 to the ESFA in **advance** of the transaction taking place.

15.10 The Trust will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's enquiry form.

15.11 For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the MAT to a person under a contract of employment through the Trust's payroll.

15.12 The Trust **will** obtain approval from the ESFA using the online form for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019, where any of the following limits apply:

- The contract exceeds £20,000
- The contract, regardless of the value, would exceed £20,000 in the same financial year ending 31 August
- The contract, regardless of the value, would exceed £20,000 individually or cumulatively with the related party in the same financial year ending 31 August

15.13 Before completing the ESFA's online form, all information outlined below will be collected, as it is not possible to partially complete the form and return to it later.

15.14 To create a record for the supplier, the following information is required:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using Companies House website (for limited companies).
- The statement which best describes the relationship between the supplier and the Trust
- Confirmation that the supplier is listed in the Trust's declaration of interests register
- Confirmation that the Trust has a statement of assurance from the supplier
- Confirmation that the Trust has an open-book agreement with the supplier.

15.15 The following information will be provided about the related party transaction:

- A short description of the goods or service
- Details of the proposed cost
- The start and end date of any contract or agreement.

15.16 When seeking approval for a related party transaction, the following evidence will be provided:

- How the Trust agreed to the related party transaction
- That the Trust followed its tendering and procurement procedures

- That your Academy Trust tested the market before making a decision
- How the Trust has managed any conflicts of interest

Declared Conflicts of Interest Register

15.17 All business and pecuniary interests will be recorded in the declaration of interests register, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships at other educational institutions and charities.
- For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.

15.18 The declaration of interests register will identify any relevant material interests from close family relationships between the Trust's members, trustees or local governors. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.

15.19 The declaration of interests register will be reviewed regularly, ensuring all information is up-to-date and amended when any new interests are declared.

15.20 The relevant business and pecuniary interests of members, trustees, local governors and the Accounting Officer will be published on the Trust's website.

'At cost' requirements

15.21 The Trust will not pay more than 'cost' for goods or services provided by the following:

- Any member or trustee of the MAT
- Any individual or organisation related to a member or trustee of the Trust, namely:
 - A relative of a member or trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
 - An individual or organisation conducting business in partnership with the member, trustee or a relative of the member or trustee.
 - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company.
 - An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.

- Any individual or organisation given the right under the Trust's Articles of Association to appoint a member or trustee of the Trust, or any body connected to the individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the Trust, or any body connected to the individual or organisation.

15.22 A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body
- Having the right to appoint or remove a majority of the board or governing body

15.23 'At cost' requirements do not apply to the Trust's employees unless they are employed by one of the parties outlined in 14.22. **

15.24 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.

15.25 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

15.26 If any of the parties outlined in 14.22 ** are based in, or work from, the Trust's premises, the Trust will agree an appropriate sum to be paid to the Trust for use of the premises, unless the party is conducting work on behalf of the Trust.

15.27 'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the Trust, but not in other cases.

15.28 The Trust will ensure that any agreement with an individual or organisation referred to in 14.23 ** is procured through an open and fair process and is:

- Supported by a statement of assurance from the individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services.
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

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

- All direct costs – the costs of any materials and labour used directly in producing the goods or services

- Indirect costs – a proportionate and reasonable share of fixed and variable overheads

16 Payroll

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

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

16.3 Each academy within the MAT will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy.

16.4 Payroll is notified of any staff absence using the absence recording system.

16.5 The payroll manager is responsible for ensuring that:

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

16.6 The payroll manager, in collaboration with the payroll officers, is responsible for keeping the staff payroll database up-to-date via the designated recording system. This will include the following information about staff members:

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

16.7 The head of human resources will randomly select one employee each month and check the calculation of gross to net pay, to ensure that the payroll system is operating correctly.

16.8 Payroll is continuously monitored and reviewed by the head of human resources to ensure any changes have been implemented correctly and the information is up-to-date.

16.9 Information about the gender pay gap in the MAT is published on the Trust's website and on the government's reporting website (<https://www.gov.uk/report-gender-pay-gap-data>)

Executive Pay

16.10 The Trust Board will ensure that executive pay and benefits, follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities.

16.11 No individual will be involved in deciding their salary.

16.12 The Trust Board will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- **Process** – that the procedure for determining executive pay and benefits is agreed by the board in advance and documented. The board ensures that both pay and benefits are kept proportionate.
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered.
- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market.
- **Commercial interests** – the Board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the Trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in any instance of poor financial management of the Trust.
- The trust must publish on its website the number of employees whose benefits exceed £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits include salary, other taxable benefits and termination payments.

17 Charging and remissions

17.1 Each academy will act in accordance with the MAT's Charging and Remissions Policy at all times.

18 VAT procedures

18.1 The MAT, and the academies within it, are registered for VAT and are entitled to reclaim VAT on qualifying purposes through a monthly VAT return.

18.2 Under legislation, VAT claims can be made on expenditure which supports the MAT's core business purposes.

18.3 Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

19 Risk Management

19.1 The MAT will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.

19.2 The MAT will have adequate insurance cover in compliance with its legal obligations or will become a member of the academies risk protection arrangement.

19.3 The MAT will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.

20 Special payments

20.1 For the purpose of this policy, special payments include:

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

20.2 Where the MAT considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of the Trust.
- The payment is justified, based on legal assessment of the chances the Trust will successfully defend the case at employment tribunal.
- The level of settlement is less than the legal assessment of what the relevant body will award.

20.3 Under no circumstances will the MAT make severance payments where the money could be interpreted as a reward for insubordination or failure.

20.4 For severance payments greater than £50,000, the MAT will seek approval from the ESFA. The ESFA will refer the transaction to HM Treasury so the Trust will allow sufficient time for this to be considered.

20.5 Value for money will be shown for all severance payments.

20.6 Compensation payments will take account of the facts of the matter ensuring value for money is achieved.

20.7 For compensation greater than £50,000, approval from the ESFA will be sought.

20.8 The MAT will consider whether cases reveal concerns pertaining to the effectiveness of internal control.

20.9 Ex gratia payments will always be referred to the ESFA for approval.

21 Annual accounts

21.1 The Trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's Statement of Recommended Practice and the ESFA's Accounts Direction.

21.2 The audited accounts will be:

- Submitted to the ESFA by 31 December each year
- Published on the Trust's website by 31 January
- Filed with Companies House in accordance with company law requirements, usually by 31 May
- Provided to every member (under the Companies Act)
- Provided to anyone who requests a copy

22 Auditing

22.1 The Trust will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures and training of staff.
- Appropriate day-to-day supervision and checks by management.
- Internal scrutiny overseen by an audit committee.
- External audit and assurance.

Internal scrutiny

22.2 Internal scrutiny will be conducted within the MAT and directed by the ATLP Audit Committee, alongside the work of an external auditor, to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively.

22.3 Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and other controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed.
- Offering advice and insight to the board on how to address weaknesses in financial and other controls.
- Ensuring all categories of risk are being adequately identified, reported and managed.

22.4 The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the ATLP Audit Committee and informed by risk.

22.5 The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time.

- 22.6 With reference to its risk register, the Trust will identify on a risk-basis the areas it will review each year and modify its checks accordingly.
- 22.7 Internal scrutiny will take account of output from other assurance providers to inform the programme of work.
- 22.8 Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board.
- 22.9 Internal scrutiny will be kept under review and if any changes in size, complexity or risk profile become apparent, the Trust will consider whether its approach remains suitable.
- 22.10 The Trust will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.
- 22.11 Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.
- 22.12 Regular reports of the programme of work will be provided at each ATLP Audit Committee meeting, including recommendations to enhance financial and other controls and risk management.
- 22.13 The Trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA each year when it submits its audited annual accounts. If requested, the Trust will also provide any other internal scrutiny reports.
- 22.14 The firm providing the external audit shall not provide internal scrutiny services.

External auditing

- 22.15 The MAT will appoint an external auditor to certify whether its annual accounts present a true and fair view of the Trust's financial performance and position.
- 22.16 The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE.
- 22.17 The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances.
- 22.18 The Trust Board will notify the ESFA immediately of the removal or resignation of the auditors.
- 22.19 The Accounting Officer will produce a statement on regularity, propriety and compliance and this will be included in the Trust's annual accounts.
- 22.20 The statement on regularity, propriety and compliance will include a responsibility to ensure that:
- There is efficient and effective use of resources in their charge.
 - Public money is spent for the purposes intended by parliament.

- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.

22.21 The MAT will respond promptly, reasonably and appropriately to any findings by the auditors.

22.22 The ESFA will be informed within 14 calendar days if the MAT appoints or terminates the contract of:

- An **accounting officer** or **FD**, including their contact information.
- A chair of trustees, including their contact information.
- A member, trustee or governor, including their contact information.
- A headteacher, including their contact information.
- A chair of a local governing board, including their contact information.
- A local governor.

23 Record keeping

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

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

23.2 The FD is responsible for keeping up-to-date records of the MAT's financial state.

23.3 The finance managers are responsible for keeping up-to-date records in relation to the finances of their academy.

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

24 Financial Notices to Improve

24.1 Where the ESFA has concerns about the Trust's financial management and/or governance, and has issued a FNtI, the Trust will comply with this notice.

24.2 The Trust will publish any FNtI issued by the ESFA on its website within 14 days of it being issued and retain this on the website until it is lifted by the ESFA.

24.3 If a FNtI is issued, the Trust will seek prior approval from the ESFA for all transactions outlined in section 20, specifically:

- Special staff severance payments
- Compensation payments

- Writing off debts and losses
- Entering into guarantees, indemnities or letters of comfort
- Disposals of fixed assets beyond any limit in the funding agreement
- Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- Carrying forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- Pooling of GAG

24.4 Where required, the Trust will seek prior approval from the ESFA before entering into transactions with related parties.

24.5 The Trust will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA,

25 Whistleblowing and fraud

25.1 The MAT puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks and the new ATLP Anti-fraud and Corruption Policy.

25.2 Incidents of fraud are increasing significantly across the education sector and staff should be aware of potential risks as a result of fraudulent activity, particularly in relation to suspicious emails and correspondence.

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

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

- When reporting to the ESFA on instances of fraud, theft or irregularity, the academy will include the following information:
 - Full details of the event(s) with all key dates
 - The financial value of the loss
 - The measures taken by the Trust to prevent recurrence
 - Whether the matter was referred to the police and if not, the reasons why
 - Whether the insurance or the risk protection agreement have offset any loss

25.5 All concerns raised by whistle blowers are responded to properly and fairly in line with the Whistleblowing Policy which is available on the MAT website.