

ATLP Finance Policy



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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 Trust cannot be brought into disrepute, this policy will be implemented by all schools within the Trust, guaranteeing consistency in financial procedures across central team and schools.

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

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

This policy is to be referenced in conjunction with the Academies Financial Handbook 2021.

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

Legal framework

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
- Public Contracts Regulations 2015
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- ESFA (2022) 'Academy Trust Handbook 2022'
- DfE (2016) 'Academies financial assurance'
- ESFA (2019) '<https://www.gov.uk/government/publications/related-party-transactions-information-for-academy-trusts> Declare or seek approval for related party transactions: summary guidance'
- DfE (2020) '[Good estate management for schools](#)'
- [Buying procedures and procurement law for schools](#)

This policy operates in conjunction with the following Trust policies:

- Teachers' Pay Policy
- Executive 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

Roles and responsibilities

The **Trust'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.

The **Trust'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 schools' funding agreement and are used only for the purposes intended.
- Ensuring the Trust complies with any 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 school'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 Trust'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 Trust'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 CFOO who is employed by the trust.
- 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.
- 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 Trust's website.
- Reviewing the risk register annually.
- Completing the School resource management self-assessment tool and submit to the ESFA.

The **Accounting Officer** is responsible for:

- Sharing the ESFA's 'Dear Accounting Officer' letter with the members, trustees, the CFOO 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 2022' (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.

The **Chief Finance and Operations Officer (CFOO)** is responsible for:

- Acting as the Chief Finance Officer for the Trust.
- Ensuring that the Trust's financial position is managed at a strategic level within the framework for financial control determined by the board of trustees.
- 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 Trust, rather than on any individual school.
- 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 Trust.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the Trust.
- Acting as an authorised signatory of the Trust bank account and any bank accounts of schools within the Trust.
- Ensuring that financial returns for the Trust 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 £59,999.
- Liaising with the headteacher and finance manager for each school regarding financial matters.
- Maintaining CPD and undertake relevant ongoing training.

The **Central Finance Management Team** is responsible for:

- Delivering the trustees' financial strategy under the guidance of the CFOO.
- 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 schools 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.

The **Trust's Finance Committee** is responsible for:

- Reviewing the Trust'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 school 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 Trust.
- Writing off bad debts over £500.
- Authorising the disposal of assets over £5000.
- Supporting the board in maintaining the trust as a going concern.
- Review & approval of trust-wide policies as delegated by the Trust Board.

The **Trust's Audit & Risk Committee** is responsible for:

- Reviewing internal and external audit reports on the effectiveness of the financial procedures and controls of the Trust.
- 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 consolidated 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.
- Review & approval of trust-wide policies as delegated by the Trust Board.

The **Secretary** 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.

The **Headteacher** of each school is responsible for:

- Ensuring budgetary control within approved budgets.
- Approving payments, 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 Trust procedures.¹
- 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 £5000 – ensuring the finance manager is advised.

The **Finance Manager** for each school is responsible for:

- Managing day-to-day financial issues, including the establishment and operation of the accounting system.
- Support the CFOO with delivering the financial strategy for the Trust.

¹ Also applies to Team Leaders in the Central Team

- Maintaining effective internal controls.
- Compliance with Trust policies relating to financial management i.e. finance, anti-fraud, risk management, charging and remissions.
- Managing their school/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 CFOO, 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 Trust guidance and timescales.
- Ensuring completion of monitoring spreadsheets for agency supply and overtime expenditure.
- Ensuring the monthly completion of bank and purchase card reconciliations.
- 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.
- Attend regular finance/budget meetings with the headteacher.

Budget setting

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 the ATLP Finance Committee
- Approval of 3-year budget plan by Trust Board
- End of September onwards: Monthly budget monitoring against approved budget plan and forecast outturn

The budget planning process also includes ongoing 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.

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

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.

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

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

Both medium-term and short-term financial plans are prepared for the Trust and each of the schools in the Trust.

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

The development plan provides the framework for the annual budget.

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

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

Budget management and monitoring

To implement a smooth-running planning process, the CFOO will create a budget planning timetable and guidance document which will ensure consistency and compliance with the Academies Financial Handbook 2022.

The finance managers are responsible for monitoring income and expenditure in their school throughout the year, in accordance with the time scales published by the Head of Finance.

The CFOO 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 in accordance with the AFH.

The Finance Committee will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. Any significant financial risks deemed by the Finance Committee will be escalated to the Trust Board.

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

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

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.

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.

The Trust will submit the following returns to the ESFA:

- A three-year budget forecast return by the specified date in July

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

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

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.

Reserves

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. The minimum level of reserves should be equal to one month's average payroll costs or any forecast deficit as highlighted within the 3-year budget forecast, whichever is the greater.

Cash management

The Trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn in accordance with ESFA restrictions on borrowing. The trust may be required to report its cash position to the ESFA if there are concerns about financial management.

The senior finance manager will prepare cash flow forecasts to ensure that the Trust has sufficient funds available to cover day-to-day operations.

When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.

The procurement of goods and services using each school's purchase card will be kept to a minimum and monitored by the Trust's CFOO. Such purchases must follow the identified purchase order process.

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

Purchasing, procurement and returns

All schools within the Trust will act in accordance with the Trust's tendering and procurement arrangements detailed below. To maintain integrity concerning the use of public funds, the following general principles will be adhered to:

- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
- Accountability – the Trust is publicly accountable for its expenditure and the conduct of its affairs to be for the purpose intended.
- Fairness – all tenders dealt with by the Trust are done so fairly and equally.

All new suppliers must be approved by the central team before committing any expenditure. Professional advice will be obtained where appropriate.

An accepted tender will be the one that is economically most advantageous, unless it can be demonstrated that this is not the best option for the Trust and other factors outweigh any monetary savings. Environmental and sustainability measures will be considered favourably in any procurement.

There are three forms of tender procedure: open, restricted and negotiated.

- 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 CFOO how best to advertise for suppliers.
- 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.
- 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.

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.

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

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

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

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.

Where the value of the proposed purchase exceeds £7,500 excluding VAT and it has not been possible to obtain competitive quotations or proposals, a single supplier form must be completed to justify the reason for the exemption of competition.

All instances where entering into a contract or lease for more than one year must be referred to the CFOO. When entering into a contract, the value of the order should be for the total contract amount as opposed to the periodical payment amount.

Approved signatories for contracts of over 1 year or over the value of £7,500 include the CEO, CFOO, Governance & Compliance Manager / Company Secretary and/or Trustees as either a sole signatory or combination of signatories as identified within the contract's requirements. Contracts of over £100,000 require Trustee signatories.

In accordance with legal requirements, the ATLP completes and submits a payment practices return twice each year.

Summary of purchasing authorities and requirements

Purchasing authorities and requirements are prepared in accordance with the threshold values (and inclusion of VAT in contract estimates) shared by the Cabinet Office in December 2021, as took effect on 1st January 2022 which apply to Public Contracts Regulations 2015.

Purchase of goods and services

What	Maximum Value	Approval	Additional Comments
Goods & services	£7,500	Budget holder	Comparison of costs where available
	£7,501 - £24,999	Budget holder & headteacher	Three quotes required, and must be included in approved budget
	£25,000 - £59,999	CFOO	Three quotes required, and must be included in approved budget
	£60,000 - £99,999	Trust Board via CFOO	Three quotes required, and must be included in approved budget
	£100,000+	Trust Board	Formal tender required. Must be included in approved budget

Purchase of contracts

What	Maximum Value	Approval	Additional Comments
Contracts	£7,500	School budget holder	Comparison of costs where available. Notification to CFOO
	£7,501 - £59,999	CFOO	Three quotes required, and must be included in approved budget
	£60,000 - £99,999	Trust Board via CFOO	Three quotes required, and must be included in approved budget
	£100,000+	Trust Board	Formal tender required. Must be included in approved budget
	£213,477 (Supply, services & design contracts) and £5,336.937	Trust Board	Requires use of 'Find a Tender' portal or other approved frameworks.

Purchase order requirements

Purchase orders may be raised through the completion of a purchase order form, available from the Finance team or on the staff intranet. The purchase order must be raised and approved by Finance before the goods and services have been received and before the goods and services have been invoiced.

Income and expenditure

The main source of income for the Trust and its schools is through the grants received from the ESFA.

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

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

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

Investments

Where the Trust Board wishes to make investments to further the Trust's charitable aims, it will ensure that investment risks are properly managed and in accordance with the ATLP Investments Policy.

Schedule of freedoms and delegations

All references relate to the Academy Trust Handbook 2022.

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	ESFA agreement required [5.5]
Special payments	Staff severance and compensation	ESFA agreement required if £50,000 or more before tax [5.10] and [5.15]
	Ex gratia payments	ESFA agreement required [5.18]
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	ESFA consent required if exceeds: <ul style="list-style-type: none"> • 1% of annual income or £45,000 individually; or • 2.5% or 5% of annual income cumulatively [5.19] and [5.20]
	Entering into indemnities (beyond the normal course of business), guarantees or letters of comfort	
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	ESFA agreement required [5.23]
	Disposing of a freehold on land/buildings	ESFA agreement required [5.23]
	Disposing of heritage assets	ESFA agreement required [5.23]
	Other disposals	Trust has full discretion [5.24]
Leasing	Taking up a finance lease	ESFA agreement required [5.27]
	Taking up a leasehold on land and buildings	ESFA agreement if lease term seven years or more [5.27]
	Taking up any other lease	Trust has full discretion [5.26]
	Granting a lease on land and buildings	ESFA agreement required [5.27]
GAG	GAG carry forward	No limits if trust eligible [5.29]
	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible [5.30]
Borrowing	Loan, overdraft	ESFA agreement required [5.33]
	Credit cards (for business use)	Trust has full discretion provided charges not incurred [5.33]
Related party transactions	Supplies to the trust from related parties	ESFA agreement required over £20,000 and over associated limits in [5.42]

Borrowing and debt

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.

Credit cards available from the Finance Managers will only be used for business expenditure.

Payment via credit card requires the same authorisation as that of BACS, i.e. the raising of a purchase order.

Credit card balances will be cleared before any interest accrues.

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.

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.

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

If, after the final reminder is sent, payment is not received in full, the CFOO 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.

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.

Fixed assets

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

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

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

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

Manage and oversee assets and maintain a fixed asset register.

Leasing

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

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.

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

Gifts & Hospitality

Staff may not accept gifts from parents above the monetary value of £30. Staff must not accept gifts or hospitality from suppliers or associated organisations above the monetary value of £30 without obtaining approval from the CFOO or the Governance & Compliance Manager. Any gift, hospitality, award or prize accepted must be recorded in the ATLP's gift register and advised to the CFOO. 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.

Approval must be sought from the CFOO 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 CFOO 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.

Sponsorships

The ATLP recognises that, as a commercial entity, it may, from time to time, seek financial support for various activities through sponsorships.

Sponsorship' is support provided to the Academy for which reciprocal benefits be available to the sponsor. 'Reciprocal Benefits' may include:

- Naming rights
- Advertising, including the placement of logos
- Provision of goods bearing a sponsor's name or logo
- Provision of uniforms

Sponsorship does not include donations or charitable contributions with no expected reciprocal benefit.

The approval process to determine who may be a sponsor and what, if any, reciprocal benefits may apply is as follows:

- Sponsorship of up to £2,000 in total should be agreed by the Head of Finance.
- Sponsorship of between £2,000 and £10,000 should be agreed by the CFOO.
- Sponsorship of between £10,000 and £50,000 should be agreed by any three members of the ATLP Executive Team (i.e. CEO, CFOO, Directors of Education, HR Director & Director of Operations & Estates)
- Sponsorship of over £50,000 should be agreed by the ATLP Trust Board

In all cases, the amount of sponsorship must be determined in aggregate across the entire period for which the sponsorship arrangement applies. Sponsorship proposals for a period of more than 12 months must be approved by the Trust Board.

Unless specifically excepted, sponsorship proposals involving the promotion of alcohol, tobacco, narcotics, gambling or other products not in keeping with the Trust's mission or values will not be accepted.

Sponsorship proposals which in the opinion of the approving body contain content which is:

- Obscene;
- Defamatory;
- sexual in nature;
- discriminatory; or
- otherwise unsuitable for children

will not be approved.

Any sponsorship proposal will be considered to ascertain whether the sponsorship is commercially sensitive to existing ATLP sponsors. The ATLP's acceptance of a sponsorship proposal will not imply

an affiliation between the ATLP and the Sponsor, and the sponsor cannot use the ATLP's name (or the name of any school within the ATLP) without specific consent from the sponsorship approver/approving body.

All sponsorship proposals must include the following details:

- Name of the sponsor
- Nature of the proposed sponsorship (including whether cash or provision of goods or services)
- Amount of proposed sponsorship (if > £1,000, this proposal must go to Board)
- Benefit to the Trust
- Benefit to the Sponsor
- Duration of the Proposed sponsorship (as above, if > 12 months, this proposal must go to Trust Board)
- Other relevant information

A register of sponsorship will be maintained.

Related party transactions

All schools within the Trust will act in accordance with the Conflicts of Interest Policy.

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

Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.

A register of interests has been completed and the Board of Trustees should keep their register of interests up to date at all times.

No member of the Trust uses their connection to the Trust for personal gain.

All payments are permitted by the articles of association or by authority from the Charity Commission.

The Charity Commission approves payments to a trustee where there is a significant advantage to the Trust.

Any payment provided to the persons referred to in satisfies the 'at cost' requirements outline in this policy.

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

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.

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

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

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.

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.

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.

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

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

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.

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.

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.

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

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.

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.

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

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

'At cost' requirements

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

- Any member or trustee of the Trust
- Any individual or organisation related to a member or trustee of the Trust, namely:

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

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

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

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

'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.

If any of the parties outlined above 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.

'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.

The Trust will ensure that any agreement with an individual or organisation referred to for 'at cost' considerations 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.

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

Payroll

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

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

Each school within the Trust will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy.

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

The Payroll /Administration 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 by the external payroll company
- Payments are made only in respect of services provided to the school or service.
- Amendments to the payroll are properly authorised by headteachers and central team leaders, before being processed.

The Payroll / Administration 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

Executive Pay

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.

No individual will be involved in deciding their salary.

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.

Pay Reporting

The ATLP will publish on its website in accordance with ESFA requirements 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.

In accordance with the Equality Act 2010, the ATLP will publish on an annual basis gender pay gap figures and an accompanying written statement on its website and on the government's reporting website².

Charging and remissions

Each school will act in accordance with the Trust's Charging and Remissions Policy at all times.

VAT procedures

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

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

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.

Risk Management

The ATLP maintains a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.

The ATLP maintains appropriate insurance cover in compliance with its legal obligations.

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

Special payments

For the purpose of this policy, special payments include:

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

² <https://www.gov.uk/report-gender-pay-gap-data>

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

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

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

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

Value for money will be shown for all severance payments.

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

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

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

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

Annual accounts

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.

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

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.
- Internal scrutiny/audit
- External audit and assurance.

Internal Scrutiny/Audit

Internal scrutiny will be conducted within the Trust and directed by the ATLP Audit and Risk 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.

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.

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

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

The ATLP engages internal audit services from external organisations to conduct a programme of scrutiny defined by the Audit and Risk Committee each year. Regular reports of the programme of work will be provided at each ATLP Audit and Risk Committee meeting, including recommendations to enhance financial and other controls and risk management. Separate firms are used to conduct internal and external audit services.

Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.

Internal scrutiny is kept under review and if any changes in size, complexity or risk profile become apparent, the ATLP will consider whether the approach remains suitable.

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.

External audit

The Trust will appoint an external auditor to certify whether its annual accounts present a true and fair view of the Trust's financial performance and position.

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.

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.

The Trust Board will notify the ESFA immediately of the removal or resignation of the auditors, and will retender the external audit contract at least every five years.

The Accounting Officer will produce a statement on regularity, propriety and compliance and this will be included in the Trust's annual accounts.

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.

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

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

- The accounting officer or CFOO, including their contact information.
- The chair of trustees, including their contact information.
- A member, trustee or advocate, including their contact information.
- A headteacher, including their contact information.

Record keeping

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

The CFOO is responsible for keeping up-to-date records of the Trust's financial state.

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

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

Notices to Improve (Ntl)

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

The Trust will publish any Ntl 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.

If a Ntl 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

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

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

Whistleblowing and fraud

The Trust 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.

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.

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.

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 ATLP 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

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