

Chorus Education Trust

Financial Procedures, Administration and Control Policy

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Contents

1. Chorus Education Trust	6
Introduction.....	6
1.1 Organisation.....	6
1.2 Roles and Responsibilities – Financial Accountability	7
1.2.1 Governance	7
1.2.1.1 Full Board	8
1.2.1.2 Resources Committee (including Audit & Risk)	9
1.2.2 Role of the Chief Executive Officer (CEO)	15
1.2.3 Role of the Chief Operating Officer (COO).....	16
1.2.4 The Role of Finance Managers (Officers) and Budget Holders	16
1.3 Delegated Authority to the Trust	17
1.3.1 Transactions Requiring ESFA Approval	17
1.3.1.1 Liabilities and Write-offs.....	17
1.3.1.2 Novel and / or Contentious Transactions	18
1.3.1.3 Special Payments.....	18
1.3.1.3.1 Severance Payments	18
1.3.1.3.2 Compensation Payments.....	20
1.3.1.3.3 Ex gratia Payments	20
1.3.1.4 Acquisition and Disposal of Fixed Assets	20
1.3.1.5 Borrowing, Leases and Tenancy Agreements	21
1.3.1.6 Related Party Transactions	22
1.3.2 Register of Interests	22
1.3.2.1 Related parties	23
1.3.3 Process for Internal Audit – Internal Scrutiny.....	23
1.3.3.1 Investigation of Fraud and Irregularity	24
1.3.3.2 Appointment of External Auditors.....	25
1.3.3.3 External Audit.....	25
1.4 Accounting System	26
1.4.1 Accounting and Financial Systems System Access.....	26
1.4.2 Accounting System Back-up Procedures	26
1.4.3 Transaction Processing.....	27
1.4.4 Transactions Reports	27
1.4.5 Reconciliations	28
1.4.6 Internal Financial Control Procedures	28
1.5 Financial Planning.....	29
1.5.1 The Trust Strategic Improvement Plan (SIP).....	29
1.5.2 Annual Budgets	29
1.5.3 Budget Monitoring and Review	30
1.5.3.1 Variance Reporting Limits.....	31
1.6 Payroll.....	31
1.6.1 Staff Appointments	31
1.6.2 Payroll Administration	32
1.6.3 Payroll Payments	32
1.7 Procurement.....	33
1.7.1 Routine Purchasing.....	33
1.7.2 Supplier Membership Cards	35
1.7.3 Corporate Multipay Cards (Business Payment Cards)	35
1.8 Security and Assets.....	36

1.8.1	Security.....	36
1.8.2	Asset Register	37
1.8.3	Depreciation	38
1.8.4	Acquisitions and Disposal of Assets	38
1.8.5	Loan of Equipment	38
1.9	Other Financial Miscellaneous Matters	38
1.9.1	Insurance Arrangements	38
1.9.2	Banking Arrangements	39
1.9.3	Services Provided by Sponsors and Sponsor Related Bodies.....	39
1.9.4	Irregular or Improper Transactions	39
1.9.5	Managing Surplus General Annual Grant (GAG).....	40
1.9.6	Pooling of GAG by Multi-Academy Trusts.....	40
1.9.7	Financial Deviance	40
1.9.8	Setting Executive Pay.....	42
1.9.9	Gifts and Hospitality	42
1.9.9.1	Use of Trust/ Academy Funds.....	42
1.9.9.2	Employee Acceptance of Gifts and Hospitality	43
1.9.10	Governors and Trustee Expenses	44
1.9.10.1	Chorus Education Trust Policy	44
1.9.11	Lettings	45
1.10	Statement of Accounting Policies.....	45
1.10.1	Basis of Preparation.....	45
1.10.2	Going Concern	45
1.10.3	Incoming Resources	45
1.10.4	Grants Receivable.....	45
1.10.4.1	Donations	46
1.10.4.2	Other Income	46
1.10.4.3	Donated Services & Gifts in Kind	46
1.10.5	Resources Expended	46
1.10.5.1	Costs of generating funds.....	46
1.10.5.2	Charitable Activities.....	46
1.10.5.3	Governance Costs.....	46
1.10.6	Tangible Fixed Assets.....	46
1.10.7	Depreciation	47
1.10.8	Investments	47
1.10.9	Stock.....	47
1.10.10	Leased Assets	47
1.10.11	Taxation & VAT	47
1.10.12	Assisted Instrument Purchase Scheme.....	48
1.10.13	Pension Benefits.....	48
1.10.14	Fund Accounting.....	49
1.10.15	Reserves Policy	49
2.	Local Governing Bodies and Academies	50
	Introduction	50
2.1	Roles and Responsibilities – Financial Accountability	50
2.1.1	The Role of the Local Governing Body (LGB)	51
2.1.2	The Role of the Resources Committee	51
2.1.3	The Role of the Head of School	51
2.1.4	The Role of the School Finance Team and Business Support Services Manager	52
2.1.5	The Role of Staff	53

2.2	Delegated Financial Authority to Schools	53
2.2.1	Virements within Budget Share	53
2.2.2	Orders: Inputting and Approval	53
2.2.3	Invoices	54
2.2.4	Cheques	54
2.2.5	Financial Reporting Requirements	54
2.2.6	Register of Interests (Pecuniary or Business Interests)	55
2.3	Procurement	56
2.3.1	Purchase Orders	56
2.3.2	Invoice Processing	58
2.3.3	Creating New Vendors (Suppliers)	58
2.3.4	Checking Supplier Statements	59
2.4	Transactions, Banking and Cash Management	59
2.4.1	Receiving Income	59
2.4.2	Cash – Handling Procedures	60
2.4.2.1	School Trips, Special Events, etc.	60
2.4.2.2	Class Sales	60
2.4.3	Reconciliation Procedures	60
2.4.4	Operation of School Fund (Local Expenditure) Bank Account	61
2.4.5	Petty Cash Accounts	62
2.4.6	Internal Financial Control Procedures	63
2.5	Security and Assets	63
2.5.1	Security	63
2.5.2	Asset Register - Inventory	64
2.5.3	Acquisitions and Disposal of Assets	65
2.5.4	Loan of Equipment	65
2.6	Charges and Remissions	65
2.7	Other Miscellaneous Financial matters	65
2.7.1	Gifts and Hospitality	65
2.7.2	Governors and Trustee Expenses	65
Appendix A: Scheme of Delegation – Authorisation Limits		66
A1.	Budgeting and Reporting	66
A2.	Income	68
A3.	Purchases and Payments	69
Appendix B: Tendering Procedures		70
B1.	Forms of Tenders	70
B2.	Preparation for Tender	70
B3.	Aspects to Consider	71
B4.	Tender Acceptance Procedures	72
B5.	Tendering Opening Procedures	72
B6.	Tendering Procedures	72
Appendix C: Fraud Policy and Procedures		73
C1.	Introduction	73
C2.	Personal Conduct	73
C3.	Systems of Internal Control	74
C4.	Fraud Response	74
Appendix D - Best Value Statement for Local Governing Bodies (LGB)		76
D1.	Introduction	76
D2.	What is Best Value	76
D3.	The Governors' Approach	76
Appendix E: Travel and Subsistence Policy		78

E1.	Introduction	78
E2.	Accommodation	78
E3.	Out-of-pocket Expenses.....	78
E4.	Travel.....	78
E5.	Insurance	80
Appendix F: Financial Reserves Policy.....		81
F1.	Introduction	81
F2.	Trust Reserves Policy	81
F3.	Annual Financial Statements.....	82
F4.	Monitoring and Evaluation of the Policy.....	82
Appendix G: Fixed Asset Policy		83
G1.	Introduction	83
G2.	Definitions.....	83
G3.	Categories of Fixed Assets	84
G4.	Criteria for Capitalisation of Assets	84
G5.	Accounting Treatment (Valuation in Balance Sheet).....	85
G6.	Revaluation of Fixed Assets.....	85
G7.	Depreciation	85
G8.	Disposal of Fixed Assets	86
G9.	Custodial Review	86
Appendix H: Trustee and Governors Expenses Policy – Claim form		88
Appendix I: Charging and Remissions Policy		90
I1.	Voluntary Contributions - Parents.....	90
I2.	Charges Will be Made - Parents	91
I3.	Charges Will Not Be Made - Parents	92
I4.	Remission of Charges for Parents.....	93
I5.	Refunds for Parents.....	93
	Cancellation by Pupil:	93
	Cancellation by School:.....	93
I6.	Sales and Charges Provided to Third Parties – Other than-Parents	93
Appendix J: Assisted Instrument Purchase Scheme.....		94
	Introduction.....	94
	Rules and definitions for AIPS.....	94
	Application and sale process	95
	Application Form	96

1. Chorus Education Trust

Introduction

The purpose of this document is to ensure that Chorus Education Trust (CET) (the Trust) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Education and Skills Funding Agency (ESFA).

Each Academy/ School within Chorus Education Trust (CET) must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the **Academy Funding Agreement** and the **Academy Trust Handbook**. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardized approach to all finance related tasks within the Trust and its academies.

Compliance with the policy and procedures is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Chief Financial Officer (CFO), who will duly notify the Chief Executive Officer (CEO) (as Accounting Officer) and the Chair of the CET Resources Committee.

All staff, including the Accounting Officer, the Chief Financial Officer (CFO), Finance Director, Headteachers, Finance Officers / Managers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures and records are kept of this training. All the duties of the Accounting Officer, the CFO, Finance Director, Headteachers, Finance Officers/Managers and the Finance Assistants, are recorded and a note kept of who can carry out the various duties in the absence of the Accounting Officer, the CFO, Finance Director, Headteachers, Finance Officers/Managers and the Finance Assistants.

All staff are aware of the Trust's **Whistleblowing Policy** and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the ESFA (see [Appendix C](#)).

The Trust's Resources Committee will be responsible for reviewing all controls and procedures of financial systems operating within the Trust. A self- assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the CFO, Headteachers, the relevant resources committee(s) and the individual Local Governing Bodies.

1.1 Organisation

Chorus Education Trust is a Multi Academy Trust. The Trust is a Company Limited by Guarantee with charitable status and all academies within CET are governed by one Trust (the Members) and a Board of Trustees. In this document the term Trustees and Directors have been used interchangeably. These are the same body of people as each other. The Trustees/Directors have a different status to the Members of a Multi-Academy Trust.

The Members of the Company under the **Articles of Association** shall comprise:

- five (5) individual Members (min three (3)).

The Members shall appoint up to ten (10) Trustees, of whom:

- nine (9) shall be appointed by the Members by majority in respect of their skills, knowledge and experience
- one (1) can be appointed as the CEO.

The Trustees must establish separate committees to be known as Local Governing Bodies (LGB) for each Academy and will ensure that, where possible, each Local Governing Body shall include at least two (2) elected representatives of the parents of pupils attending the relevant Academy.

1.2 Roles and Responsibilities – Financial Accountability

The main responsibilities of the MAT are prescribed in the **Funding Agreements** with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a Chief Executive Officer (as Accounting Officer)
- appointment of a Chief Financial Officer
- ensure regularity, propriety, and value-for-money in relation to the management of public funds.

1.2.1 Governance

Subject to provisions of the Companies Act 2006, the **Articles of Association** and to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company.

The Trust has defined the responsibilities of key committees and staff involved in the administration of finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff.

The Trust and Local Governing Bodies have the following Committee structure:

- Finance & Resources Committee.
- Safeguarding & Inclusion Committee.
- Quality of Education Committee.
- Audit & Risk Committee (Trust only – this is not replicated at Local Governing Body level).
- ~~Sheffield Teaching School Alliance~~, South Yorkshire Teaching Hub including NMFL SCITT- (Trust only - This is not replicated at Local Governing Body level.)

The Board is required to meet at least three times a year. The frequency of Committee meetings will be reviewed on an annual basis by the CEO and a timetable will be produced for the Trust and its

Academies to follow. The committees will also consider any recommendations with financial implications prior to them being presented to the full Board or LGB.

- *All reports to the Board or LGB should include a section on the financial implications of any recommendations contained in the report. (All Chairs please note.)*

The full Trust Board and each LGB will meet on a termly or more frequent basis when required, the agendas and minutes from all the Committees are circulated on the Governor Hub for all Trustees/Governors as appropriate to read for their School.

The Committees that have responsibilities relating to the Trust finances are as follows:

- Trust Board.
- Finance & Resources Committee.
- Teaching School Hub Committee.

The main responsibilities of these Committees are set out in written ***Terms of Reference***.

1.2.1.1 Full Board

Composition:

Composition of the Full Board will be in accordance with the ***Memorandum and Articles of Association*** for the Trust.

The Local Governing Body (LGB) for each School will be in accordance with the ***Schemes of Delegation*** and ***Terms of Reference*** set by the Trust Board for each School.

Role:

- To provide a strategic view of how the Trust will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.
- To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the Trust.

Responsibilities:

- To ensure the efficient and effective financial management of the Trust within the framework established by the latest current version of the ***Academy Trust Handbook***.
- Approval of the Trust's medium term budget plans indicating the intended use of resources in achieving its educational aims.
- Approval of annual spending plans within available resources (*i.e. ESFA funding, balances from previous years and income receivable).
- Agree levels of delegation to be granted to the Chief Executive Officer, CFO and other members of staff.
- The establishment and review of the Trust's financial policies and procedures in relation to:
 - Register of interests.

- Tendering for contracts.
- Approved signatories for orders, invoice certification and payments by BACS or cheque.
- Administration of personnel procedures including appointments, promotions and terminations.
- Charging for the supply of goods and services.
- The level of petty cash.
- Custody and management of the schools private funds.
- The financial responsibilities of the Board as a whole to be overseen initially by the Finance & Resources Committee.
- The Finance & Resources Committee is permitted to authorise individual items of expenditure within the Trust's approved spending plan.
- The Trust Board will provide for the review of these roles and responsibilities annually, or at any other time as deemed necessary.

Reporting Arrangements:

The Finance & Resources Committee will report back to the full Board who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the full Board and the Finance & Resources Committee, under its delegated powers are binding on all Trustees/ Governors. All reports from Committees should include a section on the financial implications of any decisions or recommendations.

1.2.1.2 Finance and Resources Committee

Terms of Reference of the Finance and Resources Committee

Authority

The Finance and Resources Committee is a committee of the Board of Trustees and is authorised to make recommendations on items within its Terms of Reference or specifically delegated to it by its Board of Directors.

It is authorised to request any information it requires from any employee, external auditor or internal auditor.

The Finance and Resources Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer. However, the Finance & Resources Committee may not incur expenditure without approval of the Board of Trustees.

Role

The role of the Finance and Resources Committee is to ensure sound management of the Trust's finances and resources, including planning, monitoring, probity and value for money. The Committee advises the Board regarding the year-end accounts, strategic matters with financial implications and other key matters. It also reports to the Board any decisions taken in accordance with the Schemes of Delegation and delegated powers, including in respect of the Academies' assets and depreciation. This includes matters relating to remuneration and pay progression, except in respect of the CEO, whose

pay and performance is overseen by the CEO Appraisal Panel who make a recommendation on pay to this Committee.

The Committee will meet a minimum of 3 times per year (usually 4) and shall report to the Board of Trustees on a termly basis, or more frequently if required, and make whatever recommendations to them that it deems appropriate within the context of its terms of reference.

The Finance and Resources Committee has no executive powers or operational responsibilities.

Duties

The Finance and Resources Committee has duties in the following areas:

- To monitor the impact of Objective 5 of the Chorus Improvement Plan.
- To have the authority to **approve the same level of expenditure (revenue and capital) and contracts as the Board**, ie, where total expenditure per item exceeds £250,000 by exception, in order to increase the Board's/Committee's ability to approve expenditure in a timely manner. The Board will be informed retrospectively. *The F&R Committee to also be informed retrospectively of expenditure between £25k (primary) and £50k (secondary) and £250,000.*
- Subject to the detailed requirements of the Academies Handbook, Funding Agreement and the Trust's Financial Regulations, the Committee shall consider and advise the Board on the following specific matters:
 - The annual 3 year budget forecasts for the Trust and its Academies.
 - The annual financial accounts of the Trust, considering advice as required.
 - The Trust's management accounts, cash flow forecasts and reserves.
 - Monitoring of any budget re-forecasts on an ongoing basis.
 - Monitoring of the revenue finances of the Trust and its Academies and advising the Board on progress towards achieving its financial objectives.
 - Efficiency/Value For Money; requiring an annual report to be provided to the Committee in advance of the confirmation of compliance with VFM requirements in the Annual Report & Accounts
 - Monitoring of policies relating to finance, staffing and other human resources issues, buildings, capitalisation, depreciation, treasury management, investments, fraud, borrowing and publicity & marketing, approving these on behalf of the Board with the following exceptions: Reserves Policy, Investments Policy and Pay Policy - each of which is required to be approved by the Trust Board.
 - Strategic matters with financial implications concerning sponsorship of Academies.
 - The Trust's Finance Policy, to be reviewed at the first meeting of each new academic year, ideally at the same meeting that the updated Academies Handbook is considered.
 - Any relevant legal and contractual documentation, operating within the Articles of Association, the Schemes of Delegation, Funding Agreement and Financial Regulations.

- The review and monitoring of the level of reserves, the Reserves Policy and approving loans from reserves on behalf of the Board, unless the Board meets prior to the Committee meeting.
- Reviewing procurement activity which required Board approval (ie, exceeding £250,000), incorporating reference to the performance of major outsourced contracts at a strategic level.
- Monitoring the deployment of non-financial resources, including personnel and property, with a view to advising the Board on the effectiveness of such resources.
 - To receive Trust wide facilities, ICT, Health and Safety and Estates reports and monitor the impact on education and learning.
 - Estates matters, receiving reports at each meeting, details of the acquisition of land and buildings, deployment of property etc and considering an Annual Report regarding Estates/Asset Management Strategy.
- Overseeing the pay and conditions of service of employees of the Trust.
 - To advise the Trust Board on the remuneration and conditions of service of the Heads of School, the Executive Leadership team, including those of the Chief Executive Officer
- To receive Trust wide staffing updates and monitor the impact on education and learning.
- The Committee shall advise the Board of any settlement agreements (including any augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the CEO, Clerk, Headteachers/ Principals/ Executives of the Academies or any other senior member of staff, with the broad aim of:
 - avoiding rewarding poor performance and
 - dealing fairly with cases where early termination is not due to poor performance.
- To appoint from its members a designated Health and Safety representative.

In determining recommendations to the Trust's Board on the remuneration and conditions of service of designated senior post holders, the Committee will consider both national benchmarking information on pay and conditions for institutions of a similar size or approach and information on similar positions within the region.

Subject to express delegated authority from the Trust Board, the Committee may determine salary progression for designated senior post holders utilising a salary progression methodology approved by the Trust Board and may authorise the implementation of any such determination. Such action will be reported to the Trust Board at its next meeting.

Administration

- The Committee will meet at least once per term.
- The Finance and Resources Committee will consist of a minimum of three Trustees.
- The quorum for the Finance and Resources Committee meeting is three.

- The Chair and Vice Chair will be elected by the whole Board of Trustees from Chorus Education Trust Trustees and will serve for one year. No Chair or Vice Chair may serve for more than two consecutive years without the approval of the Board of Trustees.
- The Accounting Officer, Chief Operating Officer and Chief Financial Officer and other members of the Trust's staff may be invited to attend, but will have no voting rights.
- Clerking services will be provided by the Executive Assistant.
- Draft agendas will be agreed in advance by the Chair and submitted with any supporting papers and the minutes of previous meetings to members of the Committee one week prior to the meeting.
- Agendas and all relevant papers should be circulated to each member at least five working days prior to the date of the meeting.
- Minutes of meetings shall be circulated promptly to all members of the Committee for information and reviewed and signed at the next Finance and Resources Committee meeting.
- The Finance and Resources Committee will review these terms of reference on an annual basis and self - assess its performance against these terms of reference. Any training and development requirements should be reported to the Chorus Education Trust Board.

Role:

To ensure proper financial administration arrangements are in place that enable the Board of Trustees to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by OFSTED, the Audit Commission and the ESFA.

To oversee the management of the Trust's finances within the framework established by the ***Academy Trust Handbook***.

Delegated Authority:

The Finance and Resources Committee has authority to make decisions on behalf of the full Board to enable it to fulfil the responsibilities shown above. Decisions or recommendations will be reported to the full Board for ratification.

1.2.1.3 Audit and Risk Committee

Terms of Reference of the Audit and Risk Committee

Authority

The Audit and Risk Committee is a committee of the Board of Trustees and is authorised to make recommendations on items within its Terms of Reference or specifically delegated to it by its Board of Directors.

It is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any governor, employee, external auditor, internal auditor or other assurance provider.

The Audit and Risk Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer. However, the Audit and Risk Committee may not incur expenditure without approval of the Board of Trustees.

Role

The role of the Audit and Risk Committee is to advise the Board and Accounting Officer (the CEO) regarding the adequacy and effectiveness of the Trust's internal controls, risk management, governance and value for money systems and frameworks. The Committee also advises the Board regarding the appointment of auditors and planned audit approach, as well as considering reports from the internal and external auditors and other bodies, ensuring actions are taken where required.

The Committee will meet 3 times per year and shall report to the Board of Trustees on a termly basis, or more frequently if required, and make whatever recommendations to them that it deems appropriate within the context of its terms of reference.

The Audit and Risk Committee has no executive powers or operational responsibilities.

Duties

The Audit and Risk Committee has duties in the following areas:

- Advise the Board and Accounting Officer on the adequacy and effectiveness of the Trust's governance, risk management, internal control and value for money systems and frameworks.
- Produce an annual report in respect of the above.
- Advise the Board on the appointment, re-appointment, dismissal and remuneration of the external auditor.
- Advise the Board on the need for and, where appropriate, the appointment, reappointment, dismissal and remuneration of an internal auditor or other assurance provider.
- Advise the Board on an appropriate programme of work to be delivered by independent assurance providers. This programme of work should be derived from the Audit & Risk Committee's regard of the key risks faced by the Trust, the assurance framework in place and its duty to report to the Board, as detailed above. It will include specialist additional ad hoc reports commissioned as deemed necessary by the committee on key risk areas identified eg H&S.
- Ensure that where a full internal audit (internal scrutiny) service is commissioned the service provider complies with the standards set by the Chartered Institute of Internal Auditors. This will mean the internal audit provider must conform to the Public Sector Internal Audit Standards.
- Review the external auditor's annual planning document and approve the planned audit approach.
- Receive reports (assignment reports, annual reports, management letters etc) from the external auditor, internal auditor and other bodies (for example the ESFA) and consider any issues raised, the associated management response and action

plans. Where deemed appropriate, reports should be referred to the Board or other committee for information or action.

- Regularly monitor outstanding audit recommendations from whatever source and ensure any delays in respect of agreed implementation dates are reasonable.
- Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider.
- Review the Trust's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately.
- Consider any additional services delivered by the external auditor, internal auditor or other assurance provider and ensure appropriate independence is maintained.
- Ensure appropriate co-operation and co-ordination of the work of the external auditor and internal auditor.
- Meet with the external auditor and internal auditor or other assurance provider without management present, when required, either at their request or the request of the Committee.
- Ensure that controls are in place regarding the General Data Protection Regulations (GDPR) and that compliance is monitored across the Trust.
- Receive an annual review of insurance cover, claims and issues arising, ensuring the provision is adequate to cover the risk.
- Receive reports at least once a year relating to Community Interest Companies established by the Trust and any Trust subsidiaries.
- To monitor policies in relation to Data Protection, Freedom of Information, IT and Data Security and Storage, Whistleblowing, Anti-fraud/Anti-Bribery, the Fraud Response Plan and related matters and to agree changes as necessary, having the authority to approve them on behalf of the Board.

Administration

- The Committee will meet at least once per term.
- The Audit and Risk Committee will consist of a minimum of three Trustees.
- Additionally, up to two external co-opted members with particular expertise may also be appointed who are not members of the Board. At least one of the members should have relevant financial experience.
- The quorum for the Audit and Risk Committee meeting is three. In addition, at least 50% of those members present are required to be Board members (as opposed to cooptees)
- The Chair of the Audit and Risk Committee will be appointed by the Board. If the Chair is absent from a meeting, the members shall choose another member, who is also a member of the Board, to act as Chair for that meeting.
- The Accounting Officer, Chief Operating Officer and Chief Financial Officer and other members of the Trust's staff may be invited to attend, but will have no voting rights.
- Clerking services will be provided by the Executive Assistant.

- Draft agendas will be agreed in advance by the Chair and submitted with any supporting papers and the minutes of previous meetings to Chorus Trust services one week prior to the meeting.
- Agendas and all relevant papers should be circulated to each member at least five working days prior to the date of the meeting.
- Minutes of meetings shall be circulated promptly to all members of the Committee for information and reviewed and signed at the next Audit and Risk Committee meeting.
- The Audit and Risk Committee will review these terms of reference on an annual basis and self - assess its performance against these terms of reference. Any training and development requirements should be reported to the Chorus Education Trust Board.
- The Board must not add to these Terms of Reference any responsibilities that require the Audit and Risk Committee to adopt an executive role, or its members to offer professional advice to the Board. The Committee should seek formal professional opinions from the internal audit service, financial statements auditor or other professional advisers to the Board. Advice should only be given in Committee members' capacity as Directors and co-optees and only within their terms of reference.

The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust's finances.

1.2.2 Role of the Chief Executive Officer (CEO)

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks
- ensuring that measures are in place to prevent loss and misuse of the Trust's property and assets.

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the **Academy Trust Handbook**, and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary, control. This covers standards of conduct, behaviour and corporate governance;

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

The Trust's Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The Accounting Officer must also demonstrate how the Trust has secured value for money via the Governance Statement in the audited accounts.

In practice, much of the financial and operational responsibility is delegated to the Trust Chief Operating Officer (COO) by the Chief Executive Officer.

1.2.3 Role of the Chief Financial Officer (CFO)

The CFO works in close collaboration with the Chief Executive Officer through whom they are responsible to the Members. The CFO also has direct access to the Trustees and Governors. The main responsibilities of the CFO are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy Trust's central budget and individual Academies
- management of the financial position at a strategic and operational level within the framework for financial control determined by the Members and Directors
- preparation of budget plans in conjunction with the Chief Executive Officer and Head Teachers/ Director of Teaching Hub
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset register
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- the preparation of monthly Management Accounts, including income and expenditure reports and a cash flow forecast
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- development and implementation of CET strategy and projects, including supporting the growth of the Trust, centralising the finance function, develop a trust capital development plan with the COO, Director of Estates and Director of IT.

1.2.4 The Role of Chief Operating Officer (COO)

The COO works in close collaboration with the Chief Executive Officer through whom they are responsible to the Members. The COO also has direct access to the Trustees and Governors. The main responsibilities of the COO are:

- the maintenance of effective systems of internal control
- ensuring non-financial forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- development and implementation of CET strategy and projects, including supporting the growth of the Trust, project managing Trust expansion, establishing priorities for developing the premises and facilities within the Trust, develop a trust capital development plan, co-ordinating capital project and other projects as required
- governance (training/development/understanding of roles) and compliance (including data and information on websites)
- additional roles, some of which are not directly finance related, as outlined in the COO's job description

1.2.5 The Role of Finance Managers (Officers) and Budget Holders

Other members of staff, primarily the Finance Officers/Managers, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in following sections of this manual.

1.3 All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the Trust's financial procedures. Delegated Authority to the Trust

The delegated authority, from the ESFA to the Trust, is set out in the section below.

1.3.1 Transactions Requiring ESFA Approval

The limits and approvals for different categories of financial transactions is set out below.

1.3.1.1 Liabilities and Write-offs

Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000 as follows:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new

Academies that have not had the opportunity to produce two years of audited accounts

- cumulatively, 5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- The Trust should always pursue recovery of amounts owed to it, including overpayments, or payments made in error, irrespective of how they came to be made
- The Trust should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangement
- Total annual income is defined as grant income as disclosed in the Trust's last set of audited accounts.

Before accepting any liabilities by: issuing specific guarantees; providing a letter of comfort; or providing indemnities, the Trust should appraise the proposal by performing an assessment of the costs and benefits of relevant options using an appropriate method, in order to secure value for money. The Trust **must** ensure that the value of any liability is within its delegated authority to commit.

Beyond these limits the Trust **must** seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction, or for any indemnities which are not in the normal course of business (novel, repercussive and contentious).

1.3.1.2 Novel and / or Contentious Transactions

Novel payments or other transactions are those of which the Trust has no experience or are outside the range of normal business activity for the Trust.

Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

Novel and/or contentious transactions must always be referred to ESFA for explicit prior authorisation.

1.3.1.3 Special Payments

Special payments include:

- staff severance payments;
- compensation payments; and
- ex-gratia payments.

1.3.1.3.1 Severance Payments

Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed, or reach an agreed termination of contract.

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

- that Trustees reasonably consider the proposed payment to be in the interests of the Trust
- whether such a payment is justified, based on a legal assessment of the chances of the Trustees successfully defending the case at an Employment Tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
- if the settlement is justified, the Trustees would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

Special severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an Employment Tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

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

Where the Trust is considering making a special staff severance payment or compensation payment, prior approval will need to be sought from the ESFA under the following circumstances, before any such payment can be made:

- where the **non-contractual element is £50,000 or more**
- where the **combined payment statutory and non-statutory exceeds £100,000**
- where the **employee earns over £150,000.**

The Trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss as the ESFA will also need to refer such transactions to HM Treasury.

Statutory/contractual entitlement		Non-statutory/non-contractual payment element	ESFA prior approval required?
£40,000	+	£49,999	No
£80,000	+	£49,999	No
£40,000	+	£50,000	Yes for £50,000
£80,000	+	£50,001	Yes for £100,000

The Trust should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation. The ESFA has produced guidance and a submission template.

1.3.1.3.2 Compensation Payments

Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the Trust is considering making a compensation payment it must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

Trusts have the delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000 prior approval must be obtained. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more the ESFA's prior approval **must** be obtained.

The Trust should routinely consider whether particular cases reveal concerns about the effectiveness of internal control systems and take any necessary steps to put failings right.

1.3.1.3.3 Ex gratia Payments

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. HM Treasury's Managing Public Money provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to Trust staff in accordance with the Trust's **Pay and Conditions Policy** would not be ex gratia.

Ex gratia transactions must always be referred to ESFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction. If the Trust is in any doubt about a proposed transaction, they should seek prior advice from ESFA.

1.3.1.4 Acquisition and Disposal of Fixed Assets

The Trust must seek and obtain prior written approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings;
- disposing of a freehold of land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust/Academy's **Funding Agreement** in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

Other than land, buildings and heritage assets, the Trust can acquire or dispose of any other fixed asset without the approval of ESFA. The Trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where the assets have a residual value.

Additional guidance is available to help Trusts seeking consent for land and buildings transactions. ESFA prior approval must be obtained for property transactions which are novel and/or contentious.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CEO/ Head and, where significant, should be sold following due process:

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

The Trust may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

1.3.1.5 Borrowing, Leases and Tenancy Agreements

In line with **Funding Agreements**, the Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Business Payment/ Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

There are two types of lease, as defined under relevant financial reporting standards.

- (i) finance leases (which are a form of borrowing)
- (ii) operating leases (which do not involve borrowing).

Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

Trusts must seek and obtain prior written approval from the ESFA, for the following leasing transactions:

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

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

Leases should be disclosed in Trusts' annual accounts in accordance with the Academies Accounts Direction.

If a Trust does wish to enter into a lease that requires ESFA consent, then the Trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the ESFA is required.

1.3.1.6 Related Party Transactions

Trusts **must** obtain prior approval from the ESFA for contracts for the supply of goods or services to the Trust by a related party where:

- the contract exceeds £40,000.
- a contract of any value that would take the total value of contracts with the related party beyond £40,000.
- a contract of any value if there have been contracts exceeding £40,000 individually or cumulatively with the related party in the same financial year ending 31 August.

Trusts must also obtain ESFA's approval for transactions with related parties that are novel, contentious and/or repercussive. The definition of this included below:

- Novel transactions are those of which the Academy Trust has no experience or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the Trust by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

The approval process is not intended to capture staff remuneration. For the purposes of reporting to, and approval by, ESFA, transactions with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the Trust's payroll.

1.3.2 Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Members, Trustees, Governors and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. Boards of Trustees must keep their Register of Interests up-to-date at all times.

The register is open to public inspections and should include:

- all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust
- all trusteeships and governorships at other educational institutions and charities
- The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Member, Trustee, Governor or a member of staff by that person.

- Relationships with related parties (formerly connected parties) will require high standards of accountability and transparency, these include any individual or organisation related to a Member or Trustee of the Trust.

All relevant business and pecuniary interests of Members, Trustees, Local Governors of academies within CET and senior employees must be published on the Trust's website.

The existence of a register of business interests does not, of course, detract from the duties of Members, Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board, LGB, or a Committee. Where an interest has been declared, Members, Directors, Governors and staff should withdraw from that part of any Committee or other meeting.

1.3.2.1 Related parties

For these purposes the following persons are related parties to all Members, Trustees, Governors, and staff:

- a relative of the listed parties above
- an individual or organisation carrying on business in partnership with the listed people above or their relative
- a company in which a listed party or their relative (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation which is controlled by the listed parties or their relative (acting separately or together)
- any individual or organisation that is given the right under the Trust's **Articles of Association** to appoint a Member or Trustee of the Trust; or anybody related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the Academy/ Trust

Trusts **must** report all transactions with related parties to the ESFA in advance of the transaction taking place using an online form where they exceed the pre-set limits. Refer to [Section 1.3.1 \(f\)](#) which details Related Parties transaction reporting limits.

1.3.3 Process for Internal Audit – Internal Scrutiny

Per the **Academy Trust Handbook**, every Trust must have in place a process for internal audit (internal scrutiny), which is independent checking to ensure systems are effective and compliant.

The Resources Committee (Audit & Risk) for the Trust will ensure the Trust has an annual programme of internal scrutiny to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operating effectively. With a focus on:

- evaluating the suitability of, and level of compliance with, financial and nonfinancial controls. This includes assessing whether procedures are designed effectively and efficiently, and checking whether agreed procedures have been followed

- offering advice and insight to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
- ensuring all categories of risk are being adequately identified, reported and managed.

The committee will review and identify on a risk-basis (with reference to its risk register) the areas it will review each year and agree an annual programme of internal scrutiny work that will address and cover these risks across the year. This will inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. It should also have regard to recommendations from the Trusts external auditors as described in their management letter and from relevant ESFA reviews undertaken.

The Trusts internal scrutiny programme must be both independent and objective, appointed by, and report directly to the Resources Committee.

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

- employing an in-house internal auditor
- a bought-in internal audit service from a firm, other organisation or individual with professional indemnity insurance
- the appointment of a non-employed trustee
- a peer review by the Chief Financial Officer from another academy trust. The Trust should satisfy itself that the Trust supplying the reviewer has a good standard of financial management and governance and minute the basis for its decision. The peer reviewer should be independent of the Trust.

The Trust may also use other individuals or organisations where specialist non-financial knowledge is required.

The COO/CFO, supported by the Trust central team (Director of Finance, HR Manager, IT Director, Director of Estates), will undertake internal management control checks/ reviews for each of the Schools in CET, focusing upon the systems of internal control at each School. A report of the findings from each visit will be presented to the individual Schools, their Resources Committee (or LGB), and to the CET Resources Committee.

1.3.3.1 Investigation of Fraud and Irregularity

The personal responsibilities of the Accounting Officer extend to the prevention of loss through fraud and irregularity. However, in addition to the Accounting Officer's responsibilities, the Members and Trustees are also responsible for preventing such losses of public funds, and this means that Members, Trustees and Governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The [Anti-Fraud Policy in Appendix C](#) outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees, Governors, Trustees or third parties, exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

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

1.3.3.2 Appointment of External Auditors

The Trust is required under the Companies Act 2006, to appoint an auditor to certify whether their annual accounts present a true and fair view of the trust's financial performance and position. This means that external auditors need to be appointed, the appointment should be in writing for a **five year period**, renewable at the discretion of the Trust. The letter of engagement must only cover the external audit, if other services are provided (excluding internal audit) this must be in a separate contract.

The auditors are required to give review on regularity, which is an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA
- proper accounting records have been kept by the Trust throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Resources Committee which is to include:

- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's Directors and Members about the auditor's reappointment or dismissal or retendering. Considerations may include:
 - the auditor's sector expertise
 - their understanding of the Trust and its activities
 - whether the audit process allows issues to be raised on a timely basis at the appropriate level
 - the quality of auditor comments and recommendations in relation to key areas
 - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers
 - the auditor's use of technology
- produce an annual summary of the committee's conclusions to advise the Board of Trustees and Members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

1.3.3.3 External Audit

The Trust will be subject to an external audit as per the **Academy Trust Handbook** or 'end of year audit' in preparation for submitting the end of year Annual Audited Accounts to the Members, Companies House and the ESFA.

The Resources Committee will:

- review the external auditor's plan each year
- review the annual report and accounts
- review the auditor's findings and actions taken by the Trust's managers in response to those findings

1.4 Accounting System

The Trust is registered annually under the **2018 Data Protection Act**. The registration names Chorus Education Trust as the Data Controller.

All the financial transactions of the Trust must be recorded on the Access Education Finance accounting system operated by the finance departments in each School under the guidance of the Trust.

Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

1.4.1 Accounting and Financial Systems System Access

The Access Education Finance accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to the finance system should be restricted and the CFO is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to the Access Education Finance system must have their access permissions formally removed.

1.4.2 Accounting System Back-up Procedures

The CEO is responsible for ensuring that there are effective back up procedures for the system. The Access Education Finance accounting system is operated through the cloud. Included with the Access service are the following benefits:

- The solution has been designed to cater for disasters ranging from a database restore through to a complete datacentre outage. The backup architecture used is critical to being able to respond to the diverse set of restore scenarios that may be required.
- The design of the architecture means that all data is simultaneously available in both the primary datacentre and the secondary datacentre meaning data is always backed up to another geographically diverse site.
- All Servers are backed up on a daily basis at 10pm as standard. For SQL Servers Access also operate 15 minute transaction log backup in addition to the nightly backup. These backups go directly to storage in the DR Datacentre to ensure off-site availability. Backups are stored on disk, in a multi tenancy data vault and are encrypted at rest.
- The Retention Period for all backups are shown below:
 - 15-min SQL 28 days
 - Daily 28 days

- Weekly 3 months
- Monthly 1 year for non-financial data / 7 years for financial data.
- The solution has been designed carefully to deliver Recovery Point Objective (RPO) and Recovery Time Objective (RTO) using the following definitions:
 - RPO is the maximum time period in which data might be lost.
 - RTO is the duration of working time within which data should be restored following a complete datacentre outage.
- The solution has been designed carefully to deliver Recovery Point Objective (RPO) and Recovery Time Objective (RTO) using the following definitions unless otherwise specified and agreed:
 - Recovery Point Objective RPO is the maximum time period in which data might be lost, for SQL Server this is 12 hours, for a Single Virtual Machine this is 12 hours, for a Complete Primary Datacentre Outage this is also 12 hours.
 - Recovery Time Objective RTO is the duration of working time within which Service should be restored after a disaster. This time starts from when a support call is logged, for SQL Server this is 6 hours, for a Single Virtual Machine is 6 hours, for a Complete Datacentre Outage it is 12 hours.
- As part of the service a restore test is performed automatically on a weekly basis which if needed, the results of the customers database restore can be shared each time it's run.
- A full DR test is run on a 6 monthly basis, this is a non-invasive test where the DR site is brought up in an isolated fashion to ensure the services recover (Zerto allows this to be performed without bringing the production environments down).

The CEO should also prepare a **disaster recovery plan** (see **Business Continuity and Critical Incidents Plan**) in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

1.4.3 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in Access Education Finance. Bank transactions should be input by the Finance Officer/ Manager and the input should be checked on reconciliation by the Director of Finance. This will then be signed to evidence this check, by the CFO.

Detailed information on the operation of the Access Education Finance system can be found in the user manuals provided online by Access.

1.4.4 Transactions Reports

The CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports

- monthly bank statement reconciliations
- monthly procurement card statements
- quarterly VAT returns
- monthly aged debtor and creditor reports
- monthly management accounts summarising expenditure and income against budget at budget holder level
- monthly cash flow reports
- Monthly balance sheet.

1.4.5 Reconciliations

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

- payroll
- bank balance per the nominal ledger to the bank statement
- VAT (quarterly)
- trial balance.

Finance Officers/Managers at all Schools in the Trust are responsible for ensuring the following reconciliations are performed each month for the Trust, and that any reconciling or balancing amounts are cleared:

- Direct credit account and local expenditure account (School Fund) reconciliations.
- Business Payment Card statements.
- Individual salary payments.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will review and sign all reconciliations as evidence of their review.

1.4.6 Internal Financial Control Procedures

In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions should be distributed so that at least **two people** are involved in processing receipts and payments. The work of one person should act as a check on the work of the other, and any such checks should be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.

- Alterations to documents should be made in ink; correcting fluid or erasure should not be used.
- Signatures on documents must be original and in ink and should be sufficient to identify the signatory concerned (ie. ticks or rubber stamps are not acceptable)
- Accounting records should be properly maintained and held securely. Financial documents should be retained in accordance with **Trust Retention Policies** and Accounting convention recommendations. The Accounting Officer should specify who is authorised to access the records and documentation.

1.5 Financial Planning

The Trust prepares both medium-term and short-term financial plans.

The medium-term financial plan is prepared as part of the strategic planning process. The Trust Strategic Improvement Plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The Trust SIP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

The strategic planning process and the budgetary process are described in more detail below.

1.5.1 The Chorus Improvement Plan (CIP)

The CIP is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The content of the strategic CIP are matters for each school to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the CFO will propose a planning cycle and timetable which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.

The completed CIP will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIP) will outline objectives for the following two years as well. The CIP takes into account the principles of ICFP to ensure value for money.

1.5.2 Annual Budgets

Annual budgets will reflect the best estimate of the resources available to the each Academy for the forthcoming year and how those resources are to be utilized by each School. There should be a clear link between the SIP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable

- review of other income sources available to the individual Schools within the Trust to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- use of the Integrated Curriculum Financial Planning tool used by the Trust to ensure each school delivers an affordable and viable curriculum model
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met

Individual School plans and budgets will need to be revised until income and expenditure are in balance in year. Comparison of estimated income and expenditure will identify any potential surplus or deficit/shortfall in funding.

If deficits are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential surplus is identified at an individual Academy within the Trust, this will be held in central Trust reserves as a contingency.

It will be the responsibility of each Local Governing Body's Resources Committee to set/recommend to the full Governing Body of their respective school an annual budget for submission to the Trustees. Such approval should be clearly minuted in sufficient time to allow prompt submission of consolidated/aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The CFO, in conjunction with the Accounting Officer, is responsible for preparing and obtaining approval for the Trust's annual budget, which consolidates/aggregates the budgets of each Academy in the Trust. The budget must be approved by the Trust Resources Committee and the Board of Trustees.

The approved consolidated/aggregated budget must be submitted to the ESFA by **31st August** each year or at a date specified by the ESFA and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change. Formal Budget Forecast changes will be undertaken in January and March/April annually, with the Trustee approved annual Budget set in July.

1.5.3 Budget Monitoring and Review

Budget monitoring reports are available in the Access Education Finance accounting system, in which actual variances are highlighted against budget allocations. Monthly Management Reports should be prepared by each School in the Trust. The reports will detail actual income and expenditure against budget for the period of reporting, the year to date and a forecast of projected year end balances.

The CFO with the Director of Finance will produce and provide a monthly consolidated report for the Chair of the CET Resources Committee.

Each School should present their monitoring reports to the LGB Resources Committee at least three times a year, and, after approval from this body, the reports should be reported to the Full Local Governing Body. Copies are also provided to CET Resources Committee.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the CFO.

1.5.3.1 Variance Reporting Limits

Chorus Education Trust has set the following variance reporting limits:

- 10% of budget, or if greater
- £2,500 primary schools
- £10,000 secondary schools
- £25,000 Trust.

1.6 Payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

1.6.1 Staff Appointments

The Local Governing Bodies have approved a staffing (personnel) establishment for each School in the Trust in line with their ***Scheme of Delegation*** from CET and the Heads at each school must ensure that adequate budgetary provision exists for any establishment changes.

All appointments, variations and terminations to contracts and salary levels should be reported to the Trust central team.

- Trustees have the authority to appoint the Chief Executive Officer
- The CEO has, alongside the Local Governing Body of each school, the authority to appoint the Heads

Each School in the Trust maintains HR/personnel files for all members of staff which include signed contracts of employment. All staffing/personnel changes must be notified to the Finance Officers/Managers and HR immediately.

The Chief Executive Officer is responsible for ensuring that the Trust's ***Pay Policy*** is implemented.

The Chief Executive Officer is responsible for ensuring that the statutory obligations around safer recruitment procedures are administered and the appropriate HR/Administrative staff will be

responsible for maintaining accurate records of all staff employed at their school in a Single Central Record.

HR/Personnel information is held in both electronic and manual files under the guidance of the Chief Executive Officer with access strictly limited to authorised officials only and separately on the MIS and/or HR IT systems, for which relevant registration under the **2018 Data Protection Act** is held.

1.6.2 Payroll Administration

The Trust's payroll is administered in house by qualified payroll staff, using the Access Selima payroll system. Lesley Blackett HR Consultant Ltd has been engaged to provide Trust wide HR advisory services.

Amendments to payroll data, e.g. appointments, resignations and variations to contract must be entered on the correct Trust template and authorised by the appropriate member of staff at each School within CET:

- CEO – Heads of schools, or SLT at Trust level.
- Trust COO – Business Support Services Managers, or Trust central business/administrative staff.
- Headteacher – primary and or teaching staff at secondary.
- Business Support Services Manager – non-teaching staff at secondary.

A named HR or Finance Manager/Officer at each School will be responsible for collating or inputting their contract changes via the appropriate template monthly.

Each School within CET is responsible for producing standard CET staff contracts of employment and a copy of the contract signed by the employee should be held securely in the employee's staff file, both hardcopy and electronic.

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the relevant School's finance office. The named HR or Finance Manager/Officer at each School within the Trust will be responsible for collating or inputting their School's claims into the correct template monthly.

The internal audit process and management controls will check a sample of contract changes as part of the internal independent checking procedures to ensure that the payroll system is operating correctly.

1.6.3 Payroll Payments

All staff are paid monthly by bank credit transfer to their bank accounts.

The payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts paid are summarised on the monthly payroll reports.

The Finance Manager or Business Support Manager at each School will obtain a monthly simulation payroll report. Each School must undertake a reconciliation of each individual payment against the latest staffing budget. Any variations should be investigated and queries raised immediately with the payroll team, within the sign-off timetable issued by the Trust.

Each School will be issued with a copy of their specific live payroll report data. Each School must undertake a further reconciliation of each individual payment against the latest staffing budget. The completed reconciliation should be signed by both the Finance Manager/ Officer and the School Business Manager to confirm that all necessary checks have been undertaken.

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

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

Careful attention should be paid to repetitive payments to individuals and IR35 rules must be complied with where contractors are self-employed.

Business expenses claims may be processed and paid directly by BACS by the School unless it relates to a benefits in kind payment. Valid receipts must be held and retained in support of any reimbursements. This process must not be used to circumvent the procurement processes in place.

Mileage and parking claims must be processed via the Trust's payroll system. Valid receipts to support the mileage claimed should be obtained and the employee must have completed the **BUV1 form for driving on work related business**. CET maintains its rate of reimbursement for mileage claims at the current HMRC approved rates.

1.7 Procurement

The Trust wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust/ School.
- **Accountability:** the Trust/ School is publicly accountable for its expenditure and the conduct of its affairs.
- **Fairness:** that all those dealt with by the Trust/ School are dealt with on a fair and equitable basis.

1.7.1 Routine Purchasing

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their appropriate Board or Local Governing Body. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent.

Each budget holder can see the available funds in their cost centre(s) on the Access Education Finance system and budget holders should consider the position of their budget and future known planned expenditure before placing an order.

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

- orders should not be entered into verbally and unless a Corporate Multipay Card (business payment card) has been used, orders should always include the Trust's terms & conditions of the order and protect the Trust against terms and conditions imposed by suppliers in the absence of quoted terms & conditions.
- the use of 'Official Orders' through the Access Education Finance accounting system automatically updates the financial records and enables committed expenditure to be included in management information for Management, Governors/ Trustees
- where Schools still use the paper order requisition (phasing out), this should be signed by the budget holder and handed into the finance office.
- if any goods are required urgently, please inform the finance team and the order can be emailed.
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be faxed or emailed to suppliers, in order to reduce timelines.
- orders should only be approved in accordance with below and the authorised limits within the *scheme of delegation listed in Appendix A* of this document.
- orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials and services net of VAT.
- **orders under £3,000** - can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen from the list of approved suppliers maintained by the Finance Office or DfE approve framework
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
- **orders at primary schools over £3,000 but less than £25,000** - at least three written quotations should be obtained for all orders between £3,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and faxed or emailed confirmation of quotes has been received, before a purchase decision is made.
- **orders at the secondary school over £3,000 but less than £50,000** - at least three written quotations should be obtained for all orders between £3,000 and £50,000 to identify the best source of the goods/services. Written details of quotations

obtained should be prepared and attached to the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and faxed or emailed confirmation of quotes has been received, before a purchase decision is made.

- **orders at primary schools over £25,000 but less than £75,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the respective Resources Committee for formal approval.
- **orders at the secondary school over £50,000 but less than £75,000** - all goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to three written quotations and must be referred to the respective Resources Committee for formal approval.
- orders over £75,000 – will be subject to a **tendering procedure (Appendix B)**.

The budget holder or the School Finance Office must make appropriate arrangements for the delivery of goods and services to the School. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the finance office should be notified immediately. The Finance Manager/Officer will keep a central record of all goods returned to suppliers.

All post should be opened and invoices should be sent directly to the finance office to be recorded and checked against the purchase order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct.

Invoices will be authorised for payment by the relevant budget holder and then passed back to the school's finance office for payment through Access Education Finance.

1.7.2 Supplier Membership Cards

Where schools and staff members hold membership admission cards with warehouse/retail suppliers (eg Costco), on a Trust or school account, these should not be used for personal gain.

Generic cards should be stored within the finance department at the school, employee specific cards can be retained by the cardholder.

1.7.3 Corporate Multipay Cards (Business Payment Cards)

Business Payment Cards are held by named cardholders in each School, the Accounting Officer, Head Teacher, Business Manager or the Finance Manager.

Each cardholder is personally responsible for the safe custody of their card and the majority of the time the cards should be in the School safe. The card should be held securely at all times and any loss of cards should be reported immediately.

The cardholder is liable for the integrity of all transactions and proper and controlled use of the card. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Manager/Officer and reviewed and signed off by the Head Teacher or Business Support Manager as appropriate. The reviewing signatories should not be the cardholder.

Monthly statements will be received by the Trust and distributed to each School.

All business payment card expenses incurred by the Chief Executive Officer should be reviewed and signed off by the CFO as authorised by the Chair of Trustees.

All business payment card expenses incurred by Head Teachers/ Director of Teaching Hub should be authorised by the CFO.

The internal audit process will check a sample of each School's monthly reconciliations as part of the internal independent checking procedures to ensure that the business payment card system is operating correctly.

All transactions processed through the payment cards are to be entered onto the Access Education Finance system at each School at the time of purchase and the appropriate cost centre and nominal ledger expenditure code is to be identified. Currently a purchase order is not required for this transaction, but this process will be kept under review. Certain business payment cards are linked to Paypal accounts for online purchasing, this account can only be used by authorised staff:

- Finance Manager
- Administrative assistant – travel related bookings
- IT Director or /Network Manager

All usage is recharged by the Finance Manager/Officer at month end using the printed transaction receipts when the bill is reconciled.

1.8 Security and Assets

The Trustees are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

1.8.1 Security

The CEO is responsible to the Board for the safe custody and control of cash and property belonging to the Trust.

- Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Exec Head/ CFO immediately.

- Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limits for cash (and cheques) are as follows, unless a higher limit is specifically agreed with insurance:
 - Held in a safe is £5,000.
 - Money in transit £2,500.
 - Other money £1,000.
- Losses due to theft of stocks or cash shall be promptly reported to the Police, and CFO.
- Steps must be taken by the CEO to ensure that there are effective back up procedures for all computer systems, refer to the **IT Policies**. All back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the school IT support provider.
- Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the School should be promptly revoked.

The CEO shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 2018.

1.8.2 Asset Register

An Asset Register is maintained by the Trust for each School, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the Trust/School, where the current valuation (for property) or the acquisition cost (for other assets) is **greater than the de-minimis level of £5,000**. (pre Sept 2021 was £2k).

Items should be recorded in the asset register/ inventory promptly (ie. at the point of purchase)

A separate record of IT hardware and software licenses will also be maintained.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the Trust's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters.

All the items in the Asset Register should be marked as the Trust/School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Trustees/ CFO.

Inventories of School property should be kept up to date and reviewed regularly. Where items are used by the Trust, but do not belong to it, this should be noted.

The immediate responsibility for the safeguarding of equipment lies with the end user Schools/departments. In support of this, the Trust provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

1.8.3 Depreciation

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

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

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

CET has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Please refer to the ***Statement of Accounting Policies – Depreciation***, for the rates.

1.8.4 Acquisitions and Disposal of Assets

Please refer to the Trust [section 1.3](#) of the Financial Procedures relating to delegated authority on Fixed Assets and [Appendix G – Fixed Asset Policy](#).

1.8.5 Loan of Equipment

Items of Trust/School property must not be removed from Trust premises without the authority of the Head of Department or Head. A record of the loan must be recorded and the asset booked back in when it is returned. The return of loan items should be countersigned by a second person.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

1.9 Other Financial Miscellaneous Matters

1.9.1 Insurance Arrangements

The Board of Trustees will take out insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The Trustees will obtain the following insurance cover through the Risk Protection Arrangement (RPA) as a minimum:

- Buildings and contents.
- Business continuity.
- Employers and Public Liability.
- Professional Indemnity.

- Offsite Travel.
- Cyber insurance.

Optional extras as appropriate are:

- Motor.

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they can undertake work on the Trust/School's premises.

People hiring the Trust/ School's premises and using facilities (non-PFI buildings) should either be covered by the School's insurance at an additional cost or must produce a valid public liability insurance with indemnity up to £5,000,000.

1.9.2 Banking Arrangements

The CEO is responsible on behalf of the Trust Board for ensuring that the Trust complies with the procedures set out in the attached [Appendix A scheme of financial delegation](#).

- BACS and cheque payments should not be authorized unless all details are fully completed.
- Bank reconciliations should be completed by the Director of Finance and school Finance Managers (school funds only) on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the Trust have been properly compiled and are accurate. The reconciliation should be checked with subsidiary records and certified by the Business Manager or COO.
- The Trust Board should review its banking arrangements every **3 years** to ensure they provide the best value for money and should review the authorised signatories annually.
- The Trust's cash flow should be monitored regularly by the COO to ensure that the bank account does not go overdrawn; the cash flow information should also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

1.9.3 Services Provided by Sponsors and Sponsor Related Bodies

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

Please refer to the Related Parties guidance under the [register of interests \(section 1.3.2\)](#) for the "at cost" requirement for goods and services.

1.9.4 Irregular or Improper Transactions

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

Please refer to [section 1.3.1 Transactions Requiring ESFA Approval](#).

1.9.5 Managing Surplus General Annual Grant (GAG)

It is important that the GAG grant is spent as needed to avoid excess calls on Exchequer funding and public borrowing. The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that Trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

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

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

Please refer to the ***Trust's Accounting Policies – Reserves*** for further information.

1.9.6 Pooling of GAG by Multi-Academy Trusts

The Trustees have the freedom to amalgamate a proportion of GAG funding for all its Schools/Academies to form one central fund. This fund can then be used to meet the normal running costs at any of the Schools within the Multi-Academy Trust in accordance with the guidelines that govern the use of GAG funding.

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

Each School will contribute 5% of General Annual Grant (GAG) funding from 1 September 2018, to the management fee of Chorus Education Trust.

1.9.7 Financial Deviance

The Trust protocol is for all Schools to have the maximum level of delegated autonomy in all aspects of functioning under their ***Scheme of Delegation***. However, the Trustees recognise that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of CET as a whole. Therefore, these are the areas that need to be addressed immediately in terms of effective monitoring and evaluation of each School, in order that accurate assessment of each School's position in relation to these two areas is made, identification of any issues to be addressed is timely and accurate and plans for remedial action are structured and likely to be successful.

Different Schools will be more or less successful in managing their financial systems and procedures as well as in reacting to adversity caused by sudden changes and/or unexpected difficulties. It is the role of the Chief Operating Officer and the Trust Resources Committee to identify what is happening, whether there are remediable issues or not, and what would most effectively improve upon them.

Reductions in delegated autonomy will be situation dependent and decided on the basis of the financial deviance protocol by the Chief Operating Officer and the Trust Resources Committee.

The table below identifies general levels of delegated autonomy and the kind of identification and notifications that are needed. All reductions in delegated autonomy will be detailed for the Head and Local Governing Body having its ***Scheme of Delegation*** restricted along with detailed recommendations for actions necessary to facilitate improvement and to move the School back to a higher level of delegated autonomy. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of delegated autonomy would be effected.

Level of Financial Autonomy	Control Over	Identification	Notification of move reducing autonomy to next level down
1 - Complete	All aspects of financial and budgetary management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the Head/LGB	CFO : Through regular financial and budgetary monitoring and evaluation done by CFO	Verbal highlighting of issues by CFO to Head/LGB to enable remedial actions before next LGB meetings
2 – Largely	Largely full autonomy with most aspects of financial and budgetary management, resource procurement, capitation, et al under the full control of the Head and LGB but with wider controls/some restrictions on some high level staff employment, capital programmes and larger expenditures or virements of the budget	CFO : Through regular financial and budgetary monitoring and evaluation done by CFO and then CET resources committee: Through follow up reporting by CFO to RC who direct CFO action	Written reports of CFO of detailed recommendations of CFO and the CET RC to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CEO to LGB
3 – Reduced	Reduced autonomy in many areas of financial and budgetary management as well as most large financial expenditures including most high level staff employment, larger resource procurement, capital programmes and any larger expenditures or virements of the budget	CFO and CET RC: Through regular financial and budgetary monitoring and evaluation done by CFO and then the CET RC identifying remedial actions	Letter from CEO to LGB outlining issues and detailed recommendations of CFO and the CET RC to remedy issues identified in order to regain greater autonomy
4 – Minimal	Significant reductions in all areas of financial and budgetary management as well as most large financial expenditures including all staff employment, larger resource procurement, capital programmes and all larger expenditures or virements of the budget	CFO and CET RC: following extensive monitoring and evaluation by CFO and the CET RC they make all necessary recommendations for reductions in autonomy	Letter from Chair of CET RC to LGB outlining issues and detailed recommendations of CFO and the CET RC that must be immediately implemented in order to address serious weaknesses identified
5 - None	Zero autonomy with all aspects of financial management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the CFO and the CET RC	CET RC: following extensive monitoring and evaluation by CFO and DB FRC they remove all financial autonomy to prevent	

		further financial risk/damage	
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1.9.8 Setting Executive Pay

The Board **must** discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable, including:

- **process** - that the procedure for determining executive pay is agreed by the Board in advance and documented
- **independence** - decisions about executive pay reflect independent and objective scrutiny by the Board and that conflicts of interest are avoided
- **decision-making** - factors in determining pay are clear, including whether performance considerations, and the degree of challenge in the role, have been taken into account
- **proportionality** – pay is defensible relative to the public sector market
- **documentation** - the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained
- a basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term
- understanding that inappropriate pay can be challenged by ESFA, particularly in any instance of poor financial management of the Trust.

1.9.9 Gifts and Hospitality

The intention is to ensure that the Trust can demonstrate that no undue influence has been applied, or could be said to have been applied, by any supplier or anyone else dealing with the Trust/ Academy. When making gifts the Trust should be able to show that all decisions are reached on the basis of value for money and for no other reason. The value of the gift should be reasonable and within its scheme of delegation. The decision should be documented, and propriety and regularity must be achieved in the use of public funds. Any consideration of whether or not the principles of this Policy have been breached will be determined by reference to this provision.

Any breach of this policy and procedure could lead to disciplinary action and may constitute gross misconduct.

1.9.9.1 Use of Trust/ Academy Funds

The use of the Trust/ Academy budgets for the provision of gifts and hospitality to staff will be limited to the following circumstances:

- Where the CEO or HoS approves an appropriate purchase of a gift for work-related activities for a member of staff. The expenditure per head should not exceed £25.
- Where refreshments are provided for staff incidental to a meeting, visit, conference, training day or event in school. The expenditure per head should not exceed £20.

Trust or school funds should not be used for the purchase of alcohol under any circumstances.

The use of the Trust/ Academy budgets for the provision of gifts and hospitality to partners, contractors, or sub-contractors should be minimal and will be limited to the following circumstances:

- Where the CEO approves an appropriate purchase of a gift for Trust business-related activities as a small token of thanks for unpaid work. The expenditure per head should not exceed £10.

1.9.9.2 Employee Acceptance of Gifts and Hospitality

As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below.

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust/ Academy by:

- (i) Maintaining an unimpeachable standard of honesty and integrity in all their business relationships.
- (ii) Complying with the letter and spirit of the law, and contractual obligations, rejecting any business practice that might be deemed improper.
- (iii) At all times in their business relationships acting to maintain the interests and good reputation of the Trust.
- (iv) Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.
- (v) Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Trust in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions for entry into the Register of Business Interests.
- (vi) Employees are permitted to accept gifts, rewards or benefits from members of the public or organisations the Trust/ Academy has official contacts with only where they are isolated gifts of a trivial character (such as diaries or calendars). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.
- (vii) Where purchased items include a "free gift", such gifts should be either used for Trust/Academy business or handed to the Finance Office to be used at charity raffles etc.
- (viii) In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.
- (ix) Any hospitality other than of a nominal value (up to £25) or facilities provided during the normal course of business should be reported for an entry in the Register of Business Interests/ and Register of Gifts and Hospitality held in each School. These should be returned every summer before year end to the Trust Finance Office.

- (x) If staff are in any doubt about the above, please seek advice from the *Headteacher or School Business Support Services Manager*.

All gifts to the Trust/School either in kind or in money should be recorded.

1.9.10 Governors and Trustee Expenses

Expenses may be paid to Trustees/Governors in accordance with DfE/ESFA guidance. Schools and Academies are allowed to reimburse Trustees/ Governors for expenses incurred in carrying out their duties under the ***School Governance (Roles, Procedures and Allowances) Regulations, 2013***.

Examples of eligible expenses necessarily incurred are:

- child care or baby-sitting expenses
- care arrangements for an elderly or dependant relative
- telephone charges, photocopying, stationery etc
- travel and subsistence (i.e. reimbursement for meals purchased that would not have otherwise been bought).

Trustees/Governors cannot claim attendance allowances or for loss of earnings.

It is for each Trust to decide whether to pay allowances. However, the Department for Education feels that Trustees/Governors should be reimbursed for legitimate 'out of pocket' expenses. Any allowances paid must be met out of the School/Academy's revenue budget.

1.9.10.1 Chorus Education Trust Policy

- Expenses will only be reimbursed in exceptional circumstances and claimants should seek approval through their Head/Chair from the Trust Board or CEO prior to the submission of claims.
- Travel claims for attendance at meetings held in Trust schools will only be considered in the context of enabling the Trust/ Academy to meet its responsibilities under the Equalities Act.
- Trustees or Governors cannot claim for attendance at LGB or Board meetings at the School or Trust where they have volunteered to be part of the board. (As an example, if a person lives in Nottingham and volunteers on a Chorus Sheffield Board or LGB, they cannot claim their journey from home to the meetings.) The exception is if this has been specifically pre-agreed by the Trust Board or CEO under the Equalities Act.
- Trustees and governors cannot claim expenses for local journeys of under 20 miles round trip to attend meetings at other Trust schools or prospective Trust Schools, Local Authority (or similar) governor training, Regional Schools Commissioner meetings etc. The exception is if this has been specifically pre-agreed by the Trust Board or CEO under the Equalities Act.
- Where there are interim boards for schools within the Trust and Trustees or Governors are seconded to that Board, by specific prior agreement of the Trust Resources Committee or the Chair of the Board of Trustees, expenses may be paid for journeys of over 20 miles round trip.
- Travel expenses for attending pre agreed meetings or events outside Sheffield or Derbyshire (above the 20 mile limit) may be claimed.

- All claims, pre-agreed as above, must be submitted to the relevant Trust or LGB Resources Committee for approval.
- Under the best value and value for money judgement, the Trust will only reimburse the actual cost of standard class public transport, or mileage at HMRC rates, whichever is cheapest. If public transport is not a viable option, pre-agreement from the Trust must be sought for mileage claims.
- Board Members and LGB Governors are expected to car share wherever possible.
- Only actual expenditure will be reimbursed in line with the above, and all claims (with the exception of claims for mileage) must be accompanied by receipts and submitted promptly. Claims for mileage should be submitted on the appropriate claim form ([Appendix H](#)) and must have been received and processed within 3 months of the expenditure.

1.9.11 Lettings

Each school should hold their own lettings policy and charging scheme, where applicable, that is approved by the Local Governing Body

1.10 Statement of Accounting Policies

1.10.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards;

- the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2015'), as amended by Charities SOPR (FRS102) Update Bulletin 1, and Financial Reporting Standard (FRS) 102
- the Academies Accounts Direction issued by the EFSA
- and the Companies Act 2006.

A summary of the principle policies, which have been applied consistently, except where noted, is set out below.

1.10.2 Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to the events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.10.3 Incoming Resources

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

1.10.4 Grants Receivable

Grants are included in the Statement of Financial Activities (SOFA) on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant

funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

1.10.4.1 Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

1.10.4.2 Other Income

Other income is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

1.10.4.3 Donated Services & Gifts in Kind

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities (SOFA), except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

1.10.5 Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

1.10.5.1 Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

1.10.5.2 Charitable Activities

These are costs incurred on the Trust educational operations.

1.10.5.3 Governance Costs

These included the costs attributable to the Trust compliance with constitutional and statutory requirements, including audit, strategic management and Trustees/Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.10.6 Tangible Fixed Assets

Assets costing **£5,000 or more** are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities (SOFA) and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities (SOFA) so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Further detail is in [Appendix G – Fixed Asset Policy](#).

1.10.7 Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives. No depreciation is provided on freehold land. The principle annual rates for other fixed assets are:

• Leasehold land:	0%
• Leasehold buildings:	4%
• Freehold Land	0%
• Freehold Buildings	2%
• Furniture & Equipment	20%
• ICT Equipment	20%
• Vehicles	20%

All individual assets with the cost of **less than £5,000** are written down in the period they are purchased.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. A review for impairment of a fixed asset will be carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities (SOFA).

Further detail is in [Appendix G – Fixed Asset Policy](#).

1.10.8 Investments

The Trust has no investments other than in UK bank deposit accounts or on the UK Money Market.

1.10.9 Stock

Stock comprises an estimate of the value of textbooks and consumable supplies and are held at cost.

1.10.10 Leased Assets

Operating lease rentals are charged on a monthly basis over the lease term.

1.10.11 Taxation & VAT

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of the charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Trust is registered for VAT (reference number 154 4007 38).

VAT returns are administered by the Trust on a monthly basis. The accounting system will generate VAT returns which will be submitted using HMRC making tax digital. Input tax is not to be reclaimed unless the invoice is valid meeting the HMRC requirements:

<http://www.hmrc.gov.uk/vat/managing/charging/vat-invoices.htm>

Staff are not allowed to make personal purchases through the system to avoid payment of VAT.

1.10.12 Assisted Instrument Purchase Scheme

Schools must follow the published guidance from the Trust in relation to purchases under this scheme.

Further detail is in [Appendix J – Assisted Instrument Purchase Scheme](#).

1.10.13 Pension Benefits

Retirement benefits to employees of the Trust are provided by:

- the Teachers' Pension Scheme ('TPS')
- and the Local Government Pension Scheme ('LGPS').

These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust/Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and will be updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities (SOFA) if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

There are separate discretionary **Trust Pensions Policies** for the LGPS Scheme which sit outside this the Trust's main Finance Policy.

1.10.14 Fund Accounting

Unrestricted funds - represent those income/ resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees/ Governors.

Restricted fixed asset funds - are resources which are to be applied to specific capital purposes imposed by the ESFA where the asset acquired or created is held for a specific purpose.

Restricted general funds - comprise all other restricted funds received and include grants from the ESFA.

1.10.15 Reserves Policy

A key objective of the Trust is to maintain a structure of prudent financial management. The aim of the Reserves Policy is twofold and the level of reserves should:

- Ensure fluctuations in income (e.g. reduced student numbers) or unexpected expenditure (e.g. curriculum changes) are managed effectively across the Trust.
- Enable a robust programme for the renewal and replacement of Trust/Schools assets to be developed and maintained.

In achieving this, the Board of Trustees will be mindful that existing students are not disadvantaged through the retention of excessive reserves. To this end the Board will review reserve levels annually and have a prudent figure of **5-15% of annual revenue** in reserve.

- Minimum 5% of all income, excluding school fund
- Target 10%
- Maximum 15% - with a plan or a rationale for holding/building reserves.

Further detail is in [**Appendix F – Financial Reserves Policy**](#).

2. Local Governing Bodies and Academies

Introduction

This section outlines the respective responsibilities of each Local Governing Body (LGB), Head of School/ Head Teacher and staff in relation to financial administration. The Policy also provides a standardized approach to all finance related tasks within the Trust and covers the following:

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Central	Chorus Education Trust.
	South Yorkshire Teaching Hub, including NML SCITT
Secondary:	Eckington School.
	Hope Valley College.
	Silverdale School.
	Westfield School.
Primary:	Malin Bridge School.

Please note that this policy should be used in conjunction with the ***Academy Trust Handbook***.

2.1 Roles and Responsibilities – Financial Accountability

- the management of the individual School is, through its Instruments of Government and Scheme of Delegation, the responsibility of its Local Governing Body (LGB), and, to the extent of the delegated powers vested in them, the Committees of the LGB
- the LGB delegates day to day responsibility for carrying out the policies and decisions of the LGB and its Committees to the Head of School
- Sub-Committees of the LGB will act strictly within the remit allocated to them by the LGB
- management and administration duties undertaken by the Head of School and the members of the School staff shall be carried out in accordance with the terms of this statement, Trust policies and procedures, and within the terms of their contract of employment
- it is the responsibility of the Head of School to set/recommend an annual budget for the School for submission to the Trustees which accords with the School's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the LGB.
- the Head of School will prepare a recommendation for expenditure by reference to the anticipated budget provision of the School, sufficiently in advance of each financial year, in order to allow due consideration and approval by the central executive team.

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2.1.1 The Role of the Local Governing Body (LGB)

The role of the LGB in School financial administration is:

- to establish a Resources Committee and elect its members, and to review the Committee's remit and membership on an annual basis
- to challenge value for money and monitor
- to maintain a **Register of Interests** for Governors and staff
- to monitor the effectiveness of internal financial controls and procedures at the school.

2.1.2 The Role of the Resources Committee

In order to assist in the fulfilment of the LGB's responsibilities, the Resources Committee will meet as necessary. Best practice will be to convene meetings three times per year, at least once a term to:

- consider reports from the Head of School comparing expenditure with budget and to approve virements as necessary
- submit to the Trustees any proposed write-offs and disposals of surplus stock and equipment
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities
- determine matters relating to School security
- consider the findings and recommendations of Audit reports and findings identified by the CFO
- the Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available on Governor Hub.

2.1.3 The Role of the Head of School

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

- preparing the School Improvement Plan and School budget in accordance with priorities agreed by the Governors and submission of these plans to the central executive team for approval
- managing internal control systems and internal financial transactions in accordance with this policy and procedures
- maintaining adequate financial records in accordance with the **Academy Trust Handbook** and the **Trust Records Retention Policy**
- setting limits of expenditure for members of staff authorised to place orders
- providing a termly/monthly (where applicable) budget monitoring report to Governors. This should report any variations in expenditure against the approved budget plan

- ensuring that returns to the Trust (ESFA) are submitted according to published deadlines
- providing access to accounting and other relevant records to Audit, including School Fund(s), and implementing auditor recommendations where necessary
- recommending to the Trust equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised.
- ensuring that stolen items are reported to the CFO before formal approval is given by the Trust to delete that item from the inventory/asset register
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file (copies to central Finance team) of all submitted applications for grant funding and counter sign and submissions for audit purposes.

2.1.4 The Role of the School Finance Team and Business Support Services Manager

Subject to accordance with individual job descriptions, the Head may delegate financial procedures to the Business Support Services Manager and finance team. The finance team's roles may include:

- collating and inputting all contracts changes e.g. starters, leavers and amendments to contracts on the required payroll template
- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- providing budget monitoring /outturn monthly reports for the Head to present to Governors and submission to the Trust COO
- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Head, authorisation of orders, invoices and schedules are in accordance with this ***Financial Procedures, Administration & Control Policy*** and the ***Academy Trust Handbook***
- prompt and intact banking of income and associated recording of income in accordance the ***Academy Trust Handbook***
- operating the local expenditure bank account/School Fund (cheque book scheme) as per the ***Academy Trust Handbook***
- to prepare cash flow statements so as to ensure the School has sufficient cash to meet its needs and submit these to the Resources Committee
- administering the recording of income received, and payments made from the School Fund. Retention of all documents such as collection records and receipts to support the transactions processed through the School Fund. Preparation of the

year end summary of transactions for inspection, in accordance with the **Academy Trust Handbook**

- assisting in the maintenance of an accurate Asset Register and associated security procedures
- assisting in the maintenance and timely review of the Contracts Register
- assist in the preparation of the three year budget plan and the financial returns to the ESFA.

2.1.5 The Role of Staff

The role of staff in school financial administration is:

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

2.2 Delegated Financial Authority to Schools

The following limits will be applied to the Schools/Academies in the Trust and are further detailed in [Appendix A](#).

2.2.1 Virements within Budget Share

The Head is authorised to vary the annual budget prepared by the LGB Resources Committee and approved by the full LGB. This variation shall be the result of any change in the day-to-day spending plans of the School, but still be in accordance with the aims and objectives of the School, as laid down in the School Improvement Plan. This variation, known as a 'Virement within Budget Share' shall not exceed:

- £5,000 in the primary schools
- £25,000 in the secondary schools.

A 'Virement within Budget Share' in excess of £5,000 or £25,000, as appropriate, should be recommended to the LGB Resources Committee by the Head and actioned after minuted approval of the 'Virement within Budget Share' by the Resources Committee.

2.2.2 Orders: Inputting and Approval

Orders must be input by one person and authorised by a separate second and/or third person irrespective of the amount, for segregation of duties.

The approver amounts (sum up to) the following limits for authorisation apply on any one single order:

Amount	Approver limit
Primary	
Up to £3,000	Budget Holder
Up to £5,000	Finance Manager/ Officer
Between £5,001 and £15,000	on any single order authorised by the Head
Between £15,001 and £25,000	approval is also required from the Trust Finance Manager
Between £25,001 and £50,000	or over is authorised by the CFO
Over £50,001	approval is also required from the CEO
Secondary	
Up to £3,000	Budget Holder
Up to £10,000	Finance Manager/ Officer
Between £10,001 and £25,000	Head
Between £25,001 and £75,000	or over is authorised by the CFO
Over £75,000	approval is also required from the CEO

The Heads, the Finance Manager/Officer in the secondary school and the CFO will, however, comply with and check the financial regulations, as detailed in [section 2.3 - Procurement of Goods and Services \(see below\)](#) have been followed.

2.2.3 Invoices

Invoices will be authorised for payment by the relevant cost centre holder and then passed to the Finance Office for recording and payment through Access Education Finance.

2.2.4 Cheques

Cheques should only be used as a payment method of last resort, payments should be made by BACS wherever possible.

All cheques, and other instruments authorising withdrawal from the Trust or School Fund bank accounts must bear the signatures of two authorised signatories. The cheque book stub must be fully completed and initialled by the two signatories.

2.2.5 Financial Reporting Requirements

The Head is responsible for providing the LGB, the CFO and the Trust Resources Committee with a report on the budgetary position of the School at regular intervals. The Management Report from Access Education Finance and Budgeting should be produced on a monthly basis and presented to Governors at least once a term.

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

- **Produced promptly** - Financial reporting should be carried out in line with the *Academy Trust Handbook*.

- **Accurate** - Actual expenditure appearing on the report should agree to what has been processed on Access Education Finance. There should be a monthly reconciliation of the bank account to Access Education Finance. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete** - To provide governors with a “true and fair” view of the School’s financial position the reports must include committed expenditure. For information to be complete expenditure that the School has been committed to including details of orders and invoices outstanding must be included.
- **Understandable** - Reports need to be understandable to the intended recipient; in particular financial reports to Governors should be jargon free. There is a guide to the reporting structure and terminology for SLT and Governors.
- **Concise** - Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual ESFA funding statement and in the annual accounts.
- **Include a profiled budget** - To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the School’s spending patterns the profile looks at the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date.
- **Include explanatory notes** - Where there are significant variances on budget headings an explanation should be provided with the report. CET variance reporting limits are **10% or Primary £5,000 and Secondary £25,000**. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report.
- **Include a projected out-turn** - on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year.

2.2.6 Register of Interests (Pecuniary or Business Interests)

The LGB, or relevant committee, shall maintain a ‘**Register of Interests**’. The Head shall keep the Register up to date as new Governors or staff join the School and must undertake an annual update every September, it is the responsibility of staff and Governors to make regular interim updates if changes occur.

The Register of Interests must comply with the **Academy Trust Handbook**. All employees and associates of the Trust and individual School LGB’s have a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the Trust/School. A Register of Business Interests is maintained for this purpose.

The register must be made freely available on the Trust/School website for inspection by Trustees, staff and parents. The register is open to public inspections and should include:

- all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust
- all trusteeships and governorships at other educational institutions and charities

- the disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Member, Trustee, Governor or a member of staff by that person.
- Relationships with related parties (formerly connected parties) will require high standards of accountability and transparency, these include any individual or organisation related to a member or trustee of the Trust.

The existence of a Register of Interests does not, of course, detract from the duties of Governors and staff to declare interests whenever they are relevant to matters being discussed by the LGB or a Committee. Where an interest has been declared, Governors and staff should withdraw from that part of any Committee or other meeting.

Related Parties (formerly connected parties) – are covered in [Section 1.3.2](#) of this document, the transaction reporting requirements in line with the **Academy Trust Handbook** are covered in [Section 1.3.2](#).

Those Trustees/ Governors or staff not holding any Business or pecuniary interests must submit a clearly stated nil return.

2.3 Procurement

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their LGB. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent.

Each budget holder can see the available funds in their cost centre(s) on the Access Education Finance system and budget holders should consider the position of their budget and future known planned expenditure before placing an order.

2.3.1 Purchase Orders

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

- orders should not be entered into verbally and unless a Corporate Multipay Card (Business Payment Card) has been used, orders should always include the Trust's terms & conditions of the order and protect the Trust against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- all orders for goods and services must be confirmed using an official requisition, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the School budget for that purpose and that sufficient quotations/tenders have been obtained
- individually numbered purchase orders will be produced from the Access Education Finance accounting system and will be approved by the nominated financial approvers before dispatch to suppliers

- the use of purchase orders through Access Education Finance automatically updates the financial records and enables committed expenditure to be included in management information for Governors
- where Schools still use the paper order requisition (phasing out), this should be signed by the budget holder and handed into the finance office
- If any goods are required urgently, please inform the finance team and the order can be emailed
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be faxed or emailed to suppliers, in order to reduce timelines
- orders should only be approved in accordance with the authorised limits within the [*scheme of delegation listed below and in Appendix A*](#) of this document
- orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials and services net of VAT
- **orders under £3,000** - can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen from the list of approved suppliers maintained by the Finance Office or DfE framework
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
- **orders at primary schools over £3,000 but less than £25,000** - at least three written quotations should be obtained for all orders between £3,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and faxed or emailed confirmation of quotes has been received, before a purchase decision is made.
- **orders at secondary schools over £3,000 but less than £50,000** - at least three written quotations should be obtained for all orders between £3,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and faxed or emailed confirmation of quotes has been received, before a purchase decision is made.
- **orders at primary schools over £25,000 but less than £75,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the respective Resources Committee for formal approval.
- **orders at secondary schools over £50,000 but less than £75,000** - all goods/services ordered with a value over £50,000, or for a series of contracts

which in total exceed £50,000, must be subject to three written quotations and must be referred to the respective Resources Committee for formal approval.

- orders over £75,000 – will be subject to a ***Tendering Procedures (Appendix B)***.

2.3.2 Invoice Processing

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

- all post should be opened on receipt and all invoices should be sent directly to the Finance Office to be checked against the Access Education Finance system numbered order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:
- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct
- that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Finance Manager or Head
- Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.
- if any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Manager will keep a central record of all goods returned to suppliers.
- the Finance Manager will authorise the invoice for payment in the Access Education Finance accounting system.
- valuable items that are portable and desirable should be security marked and added to the inventory or Asset Register immediately.

2.3.3 Creating New Vendors (Suppliers)

All requests for new vendors must be sent from a valid School email address to the finance office at Chorus Education Trust finance@chorustrust.org. The request must be accompanied by the vendor's bank details on the vendor's invoice. If this is not available then confirmation must be received on the vendor's headed paper and signed on behalf of the vendor.

All changes must then be verified by contacting the supplier with contact details obtained from an independent source or calling a known person of authority at the supplier.

Any changes must be checked and verified by a second official before amending the supplier details on the Access Education Finance accounting system.

Any subsequent changes to vendor's details must be confirmed by checking directly with the vendor using the original notified contact points.

2.3.4 Checking Supplier Statements

All supplier statements should be checked upon receipt against vendor line items. If an invoice number and amount cannot be matched then the supplier should be contacted to provide a copy invoice.

Supplier statements should be retained at the end of the financial year for audit purposes.

The CFO will undertake an additional monthly review against the aged creditors list and notify individual school of any issues identified with the prompt payment to suppliers.

2.4 Transactions, Banking and Cash Management

2.4.1 Receiving Income

The main sources of income for the Trust/Schools are the grants from the Education Skills and Funding Agency (ESFA). The receipt of these sums is monitored directly by the Trust Finance Manager, the CFO is responsible for ensuring that all grants due to each School are collected.

Schools also obtain income from:

- student teachers from universities and other institutions
- hiring of premises and facilities
- school meal sales
- uniform sales
- students, mainly for trips or class sales
- external peer review and support services

Charges can also be made to students to defray the costs of certain activities (see [Charging and Remissions Policy – Appendix I](#)). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the Trust's charging policy.

Premises hire charges (non-PFI schools) are determined by the Trust's charging policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Head, the COO/CFO or the Site Manager (or equivalent).

Bookings for lettings are made through the designated person at each school. The designated person produces a list of hirers for invoices to be prepared and sent to the Finance Office with a booking form.

Payments for invoices raised manually and issued by the School, are sent directly to the School and will be recorded as School income into the lettings budget cost centre within the Access Education Finance accounting system and manual receipts will be issued when requested.

All monies must be banked, in their entirety, in the appropriate bank account. The Finance Manager/Officer is responsible for preparing reconciliations between the sums collected, the sums

deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Head.

All outstanding invoices should be reviewed each month by the Finance Office and pursued to ensure that the School receives all monies due.

The Trust may write off debts and losses, including any uncollected fines up to the delegated limits from the ESFA [per section 1.3.1](#). All losses and write offs should be referred to the Trust Finance Team for approval.

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the Trust's last set of audited accounts.

2.4.2 Cash – Handling Procedures

Teachers should not routinely be required to undertake administrative and clerical tasks, including collecting money.

The Trust is largely cashless as each school operates a parent payment app for receipt of monies relating to trips, catering, events etc. which should be used for all school related income.

2.4.2.1 School Trips, Special Events, etc.

Staff organising trips etc. must follow the relevant trips administration and organisation procedures, this includes providing the finance or administrative office with necessary information at least two weeks before payments are required to start arriving. This includes:

- Details of the trip, event, etc.
- Name of each pupil participating.
- Amount due from each pupil.
- Details of any payment deadlines.

Details of how to make payments will be included in letters to parents about the trip via the electronic Parent Pay system (or similar app).

Staff will be kept regularly informed of amounts received in respect of their trip/event and will be responsible for chasing up late payments and defaulters.

2.4.2.2 Class Sales

Depending on the school, it will not always be possible to provide permanent admin support to assist departments with the collection of class sales income. Regular items for sale will be available to purchase on the parent payment system/app. Some schools may have a card payment processing machine for class sales, all payments made by debit/credit card from students and parents is to be received via student reception and processed daily by the on-site finance team.

Where cash sales are unavoidable, cash must not be held within departments and must be handed in to the finance office, without delay, to allow the income to be accounted for and promptly banked.

2.4.3 Reconciliation Procedures

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the Trust/School's account(s) are valid and verify that they are the responsibility of

the School. The Head is responsible for ensuring that controls are in place for these checks to be carried out. The Head will delegate this role to the BSSM or Finance Manager.

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

- **Payroll** – The Finance Manager/ Officer will obtain a monthly simulation payroll report from Access Selima.

Each School must undertake a reconciliation of each individual payment against the latest staffing budget. Any variations should be investigated and queries raised immediately with Payroll within the sign-off timetable issued by the Trust.

After any changes the live Access Selima report will be issued. Each School must undertake a further reconciliation of each individual payment against the latest staffing budget. The completed reconciliation should be signed by both the Finance Manager and the Head to confirm that all necessary checks have been undertaken.
- **CET bank balance per the nominal ledger to the CET bank statement** - the Trust Finance Manager must ensure bank statements are received regularly and that reconciliations are performed monthly. The reconciliation procedures must ensure that the bank account is reconciled to the cash book, reconciliations are prepared by the Finance Manager, reconciliations are subject to an independent monthly review carried out by the COO and all adjustments arising are dealt with promptly.
- **School Fund bank account reconciliations** – each School Finance Manager will use Access Education Finance to produce a monthly bank reconciliation of the School Private Fund account, this is countersigned by the Finance Manager and BSSM as appropriate and submitted to the Governors (Resources Cttee) and Trust.
- **Corporate Multipay (business payment) cards** - monthly statements will be received by the Trust Finance Manager and distributed to each School. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Manager/Officer and reviewed and signed off by the BSSM.
- **VAT** – VAT returns are performed by the Trust Finance Manager monthly following procedural guides and using Access Education Finance accounting system standard reports. Transactions listings are checked thoroughly before submission and any adjustments are made accordingly. VAT returns are subject to an independent monthly review carried out by the CFO and all adjustments arising are dealt with promptly.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will review and sign all reconciliations as evidence of their review.

2.4.4 Operation of School Fund (Local Expenditure) Bank Account

Each School must implement the following controls if they continue to operate a local expenditure bank account:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- the Head may sign all cheques other than those payable to themselves

- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest.

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft.

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

On receipt of the bank statements, the School will reconcile the bank balance to the balance held in the Access Education finance system.

- The Trust requires that there is an annual audit of the School(s) Funds by those appointed by the Trust Board. Annual reports should be submitted to the LGB together with the proof of audit.
- Accounting procedures for the School Fund should reflect the standards required by the ESFA.
- There should be a proper separation of the voluntary funds and related accounting records from those for the School(s) main budget/funds.

2.4.5 Petty Cash Accounts

Chorus Education Trust Schools aim to be cashless and petty cash is discouraged.

Staff should follow the appropriate procurement routes for goods and services, which means that the need to reimburse staff for school purposes is minimal and limited to the following examples:

- Curriculum technicians (eg science/ food), perishable goods unavailable to order through suppliers – a weekly petty cash BACS run will reimburse directly to the employees bank account.

The following claims should be submitted through payroll rather than petty cash:

- Local public transport costs, e.g. bus ticket – expenses claim
- Parking charges – expenses claim

Any schools having exceptional circumstances and petty cash accounts approved will be listed here:

School:	Maximum cash balance:	Use by:
Westfield School	£60.00	Science department for perishable curriculum supplies
Hope Valley College	£100	Sixth Form team
Malin Bridge School	£250	School Manager for public transport & trips sundries

Petty cash accounts approved above are held in the School safe and administered by the finance office staff with reimbursements made from the Finance Office on production of supporting vouchers and receipts.

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank. UPDATE – cash withdrawn from the bank by the Director of Finance and passed over to the school as and when requested by the school.

Personal cheques must not be cashed from petty cash funds.

Expenditure is recorded manually in the first instance. Expenditure is then processed into the Access Education Finance accounting system against the appropriate cost centre.

The Finance Office is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Manager/Officer to ensure that the cash balance reconciles to supporting documentation and the computer balance.

The School Business Service Support Managers should review and countersign their approval of the petty cash reconciliations on a monthly basis.

Petty cash must be securely held at all times with access strictly limited to authorised officials only.

2.4.6 Internal Financial Control Procedures

In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions should be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other, and any such checks should be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.

- Alterations to documents should be made in ink; correcting fluid or erasure should not be used.
- Signatures on documents must be original and in ink and should be sufficient to identify the signatory concerned (ie. ticks or rubber stamps are not acceptable)
- Accounting records should be properly maintained and held securely. Financial documents should be retained in accordance with Trust Retention Policies and Accounting convention recommendations. The Accounting Officer should specify who is authorised to access the records and documentation.

2.5 Security and Assets

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

2.5.1 Security

The HoS is responsible to the Board and LGB for the safe custody and control of cash and property on School premises.

- Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the COO immediately.
- Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limits for cash (and cheques) are as follows, unless a higher limit is specifically agreed with insurance:
 - Held in a safe is £5,000.
 - Money in transit £2,500.
 - Other money £1,000.
- Losses due to theft of stocks or cash shall be promptly reported to the Police, Head, LGB and the CFO.
- Please refer to **IT policies** for back up arrangements. Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the School should be promptly revoked.

2.5.2 Asset Register - Inventory

An Asset Register should also be maintained in the Trust format, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the Trust/School, where the current valuation (for property) or the acquisition cost (for other assets) is **greater than the de-minimis level of £5,000**.

Items should be recorded in the Asset Register/ inventory promptly (ie. at the point of purchase)

An inventory should be maintained of all attractive and portable items below the Asset Register values, with details of make, model, serial number and purchase value. The inventory should be checked annually against actual items.

A separate record of IT hardware and software licenses will also be maintained.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the School's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters.

All the items in the Asset Register should be permanently and visibly marked as the School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the LGB/Trustees/CFO. Inventories of School property should be kept up to date and reviewed regularly. Where items are used by the School, but do not belong to it, this should be noted.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the School provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

2.5.3 Acquisitions and Disposal of Assets

Please refer to the Trust section of the Financial Procedures relating to delegated authority on Fixed Assets.

2.5.4 Loan of Equipment

Items of Trust/School property must not be removed from Trust premises without the authority of the Head of Department or Head. A record of the loan must be recorded and the asset booked back in when it is returned. The return of loan items should be countersigned by a second person.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the trust's auditors.

2.6 Charges and Remissions

There are instances where the Trust/ School will make charges to students and their parents and there are instances where the Trust will make charges to other parties for the use of its facilities, assets and services.

Details of this can be found in [Appendix I – Charging and Remissions Policy](#).

2.7 Other Miscellaneous Financial matters

2.7.1 Gifts and Hospitality

Please refer to the Trust section of this policy which covers Gifts and Hospitality. All gifts to the Trust/School either in kind or in money should be recorded.

2.7.2 Governors and Trustee Expenses

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

Please refer to the Trust section of this policy on this matter and the appropriate Appendix

Appendix A: Scheme of Delegation – Authorisation Limits

A1. Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget setting process	n/a	CEO and Head	Agree School Improvement Priorities	Annual
	n/a	Head and Finance Manager	Draft budget plan	Annual
	n/a	CEO, CFO	Agree budget plan	Annual
	n/a	Trust Board	Approve or reject budget	Annual
Budget virement	£5,000	Primary - Head	Head can vire between budgets in approved annual budget up to this limit, above need to be approved and minuted at LGB Resources Committee and reported to CFO/Trust	As required
	£25,000	Secondary - Head		
	£100,000	Trust - CEO	CEO can vire between budgets in approved annual budget up to this limit, above need to be approved and minuted at Resources Committee	As required
Budget holder responsibilities	Per individual budgets set	Head, School Business Manager, Finance Manager	Budget monitoring is the responsibility of the budget holder and the budget must not be overspent at any time during the year unless through prior agreement at the appropriate authorisation level.	Monthly
Monthly Management Accounts	n/a	Finance Manager in conjunction with School Business Manager and Head	All transactions to be processed and reconciled in a timely manner for checking and the production of the monthly management accounts And submission to Trust	Monthly

Budget variance reporting	10% or if greater: £2,500	Primary – HOS SBM or Finance	Budget monitoring should highlight and explain variances above these limits in monthly reports and reports to Trustee/Governors	Monthly and termly or quarterly
	£10,000	Secondary - HOS SBM or Finance		
	£25,000	Trust – CEO CFO or Director of Finance		
ESFA Reporting	n/a	Accounting Officer CEO in conjunction with CFO (Auditors for Annual Accounts)	Per annual Financial Reporting timetable released by ESFA	n/a

A2. Income

Role	Value	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	SBM, Finance Manager, Finance Ast or delegated Admin Ast	Cash must be receipted by the person with delegated authority and recorded in the appropriate ledger. All onsite cash and cheques must be locked in the safe until banking.	Daily
Sales invoices	Up to £15,000	School Business/ Finance Manager	All sales invoices must be processed through the Access Education Finance system and authorised by the delegated person(s)	As required
	£15,001 to £100,000	As above plus CFO or Director of Finance		
	Over £100,001	Trust Resources Committee		
Banking of cash and cheques	Any	SBM, Finance Manager, Finance Ast or delegated Admin Ast	Cash and cheques should be banked on a regular basis and should not be allowed to accumulate above £5,000. Banking should be checked and agreed by another member of staff before being banked and should relate back to receipts issued etc.	As required
Reconciliation of bank accounts	n/a	Finance Manager with SBM	School Fund bank accounts should be fully reconciled monthly by someone other than the person doing the banking. Bank reconciliations should be signed, filed, and sent to Trust.	Monthly
	n/a	Director of Finance with CFO	Trust bank accounts should be fully reconciled on monthly basis. Bank reconciliations should be signed and dated by the reconciler and the COO every month and filed.	Monthly
Petty cash	n/a	SBM, Finance Manager, Finance Ast or delegated Admin Ast	Limited petty cash per this policy across Trust schools. Weekly reconciliations should take place and periodic audit checks made by COO or designated person. See policy section.	Weekly

A3. Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders	Up to £3,000	All - Budget holder	Refer to procurement section of this policy	As required
	£3,001-£25,000	Primary – Budget holder plus Finance Manager or SBM		
	£25,001-£75,000	Primary – LGB Resources Committee		
	£3,001-£50,000	Secondary - Budget holder plus Finance Manager or SBM		
	£50,001-£75,000	Secondary - LGB Resources Committee		
	£75,001 +	All – see tendering policy	Formal Tendering process to be undertaken, refer to appropriate Appendix of this policy.	
BACS – single supplier limits	Up to £50,000	2 signatories required from central Finance Manager, Director of Finance, CFO, COO or CEO (per bank mandate)	Individual payments to any supplier to the value of £50,000 need to be signed by 2 individuals in the delegated authority column. Payment notifications must be accompanied by authorised supporting documentation.	As required
	Over £50,001	3 signatories from above to include CFO or CEO (per bank mandate)	Payment notifications must be accompanied by authorised supporting documentation.	
Business payment cards	£10,000	Cardholders and Finance Managers or SBM	Refer to procurement section of this policy for use and reconciliation	Monthly
Standing orders and direct debits	n/a	Per bank mandate (as BACS)	No changes can take place to the bank account unless signed by 2 signatories from the mandate	As required
Payroll processing	n/a	Per bank mandate (as BACS)	Refer to payroll section of this policy	Monthly

Appendix B: Tendering Procedures

All goods/services ordered with a value **over £75,000** must be subject to formal tendering procedures. Purchases **over 209,000 Euros** for goods and services and **5,225,000 Euros** for the procurement of works (EU threshold directive 2014/24/EU) will require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the *Academy Trust Handbook*.

Ordering goods which may potentially be **over £75,000** must be discussed with the Chief Operating Officer prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset. <https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools/buying-things-that-are-over-the-eu-procurement-threshold>

B1. Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs.
 - a large number of suppliers would come forward or because of the nature of the goods are such 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 Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders.
 - only one or very few suppliers are available.
 - extreme urgency exists.
 - additional deliveries by the existing supplier are justified.

B2. Preparation for Tender

Full consideration should be given to:

- objective of project.
- overall requirements.
- technical skills required.

- after sales service requirements.
- form of contract.

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

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

An invitation to tender should include the following:

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

B3. Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

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

B4. Tender Acceptance Procedures

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

B5. Tendering Opening Procedures

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

- for contracts **up to £75,000**: two of the budget holder or the Chief Financial Officer and the Chief Executive Officer.
- for contracts for goods and services **over £213,477 (incl VAT)** or the procurement of works **over £5,336,938 (incl VAT)** (UK Public Procurement Thresholds): either the, Chief Financial Officer, the Chief Executive Officer Accounting Officer plus a member of the Board Resources Committee.

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

B6. Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation. For contracts **over £75,000** a report should be prepared for the Board Resources Committee, highlighting the relevant issues and recommending a decision. For contracts for goods and services **over £213,477 (incl VAT)** or the procurement of works **over £5,336,938 (incl VAT)** (UK Public Procurement Thresholds) the Public Contract Regulations 2015 will be followed and the decision and criteria should be reported by the Board Resources Committee to the Board for approval.

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

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

Appendix C: Fraud Policy and Procedures

C1. Introduction

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

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

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

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

C2. Personal Conduct

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

- these regulations are binding on all trustees, governors, members of staff, students and constituent parts of the trust. Refusal to observe them will be grounds for disciplinary action
- in disbursing and accounting for all funds, the trust must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that trustees, governors and employees of the trust must at all times conduct financial affairs in an ethical manner
- all members of staff, members, trustees and governors of the trust are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas
- any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Head or the Chief Operating Officer

- trustees, governors or employees of the trust shall never use their office or employment for personal gain and must at all times act in good faith with regard to the trust's interests
- heads of department/Budget Holders are expected to adhere to the financial regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other trust property.

C3. Systems of Internal Control

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

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the trust are documented in the ***Financial Procedures, Administration and Control Policy***. The Financial Procedures are issued and updated annually by the Chief Financial Officer. They are binding on all trustees, governors, members of staff, students and constituent parts of the trust and are distributed to the Head, the Senior Leadership Team, Heads of Department and staff in the academies finance offices.

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

C4. Fraud Response

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

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

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

- inadequate communication so that action is late or inappropriate

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

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

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

Appendix D - Best Value Statement for Local Governing Bodies (LGB)

D1. Introduction

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

D2. What is Best Value

Governors will apply the four principals of best value:

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

D3. The Governors' Approach

The Governors and School leaders will apply the principles of best value when making decisions about:

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

The Governors and the School leaders will:

- make comparisons with other/similar Schools using available data, e.g. ASP, quality of teaching and learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost.
- require suppliers to compete on grounds of cost and quality/suitability of services/products.
- consult individuals and organisations on quality/suitability of service we provide to parents pupils, and services we receive from providers.

This will apply in particular to:

- **staffing** - Governors and School leaders will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.
- **use of premises** - Governors and School leaders will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources.

- **use of resources** - Governors and School leaders will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning.
- **quality of teaching** - Governors and School leaders will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has expectations of children's achievement.
- **quality of learning** - Governors and School leaders will review the quality of children's learning by setting of pupil achievement targets.
- **purchasing** - Governors and School leaders will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.
- **pupil's welfare** - Governors and School leaders will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.
- **health and safety** - Governors and School leaders will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

These areas will be monitored for best value by:

1. Chorus Enquiry Visits led by Chorus Central Team
2. Enquiry visits by the Head & Senior Leadership Team
3. Termly target setting meetings between Head, Senior Leadership Team and head of departments. Termly milestone reviews of School Improvement Plan.
4. Annual performance management
5. Annual budget planning
6. Head's reports including financial review
7. Feedback from audit reports
8. Analysis of School pupil performance data
9. Analysis of LA/DfE financial data
10. Analysis of DfE pupil performance data
11. Key issues for action identified by OFSTED
12. Governors termly Committee meetings
13. Governor's annual staff salary review

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

Appendix E: Travel and Subsistence Policy

E1. Introduction

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

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

If you are attending a course or work related meeting, certain costs will be reimbursed.

E2. Accommodation

All overnight stays must be approved in advance by the appropriate authorised officer and booked through the schools administrative team following the correct procedures.

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

E3. Out-of-pocket Expenses

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

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

E4. Travel

General Principles

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

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

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

Environmentally friendly travel should be encouraged. Wherever possible, you should use public transport. Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

Rail Travel

If an employee requires a rail ticket for business purposes they must contact the authorised person who can organise this for them, they should be booked in advance as soon as possible (on arranging the meeting etc) giving at least 7 working days' notice where possible, before 3pm.

We will only reimburse Standard Class public transport fares, or the best value transport option. Employees are expected to travel standard class, and take advantage of off peak or other reduced rates if the circumstances allow.

First Class travel may be used provided prior Trust approval (by COO or CEO) is obtained, if:

- accompanying someone else travelling First Class; or
- if colleagues wish to travel first class it will be under the understanding they will pay the difference between standard/First class out of their own money

Mileage Payments

Where public transport is impractical or unavailable, we will reimburse car mileage at standard HMRC rates. Mileage MUST be agreed with finance/HR in advance as the best value option. If staff choose to use their car for personal reasons, the trust will only reimburse the equivalent of the public transport cost and evidence of this must be provided, eg screenshot.

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

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

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

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

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

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

If employees are claiming reimbursement of mileage or car parking they must complete the appropriate **BUV1 form** (available from the HR/Finance office). Employees will need to be authorised to use their car for business purposes and have completed a BUV1 form along with obtaining a check

code from <https://www.gov.uk/view-driving-licence> to allow HR to check the license for endorsements. This check will be required each academic year. Further details on the procedures regarding using your car for business are available in – ***Driving on School Related Business procedures***.

Parking Expenses

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

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

Authorisation

The formal responsibility for authorising business journeys rests with the other authorised officer. Employees are advised to seek approval in advance for any unusual journeys where there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

Methods of Claiming

Employees should complete the Expenses Claim form, attaching the relevant VAT receipts. Your form must be authorised by your line manager and then handed in to the Finance Office who will process your payment.

All expenses payments are made through the next monthly payroll, claims handed in after the 6th of the month will not be processed until the payroll after. Claims must be made on a monthly basis; any claims not submitted within 3 months will not be paid. All claims must be made before the end of the academic year as they cannot carry forward.

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

E5. Insurance

Employees who use their own vehicle for work and have followed the ***Driving on Work Related Business procedures*** will be covered by the Trust's Motor Insurance Policy.

Employees not following the above should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies.

It is the employee's responsibility that they are insured.

Appendix F: Financial Reserves Policy

F1. Introduction

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

The reserves policy:

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

During the financial year

The Trustees identify:

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

F2. Trust Reserves Policy

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

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
- ensure fluctuations in income (e.g. reduced student numbers) or unexpected expenditure (e.g. curriculum changes) are managed effectively across the Trust
- enable a robust programme for the renewal and replacement of Trust/Schools assets to be developed and maintained, including planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project
- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received.

The financial risks identified determine the amount of reserves the Trust/School targets to hold.

F3. Annual Financial Statements

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

- why reserves are held
- what amount/range of reserves is considered appropriate for the Trust
- what the level of reserves is at the year end
- how the Trust is going to achieve the desired level or range of reserves
- how often the reserves policy is reviewed.

Target range of reserves for the financial year

The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan.

In achieving this, the Board of Trustees will be mindful that existing students are not disadvantaged through the retention of excessive reserves.

The Board have a prudent target range of reserves figure of **5-15% of annual revenue**.

- Minimum 5% of all income, excluding school fund
- Target 10%
- Maximum 15% - with a plan or a rationale for holding/building reserves

F4. Monitoring and Evaluation of the Policy

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

Reviewing

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

Appendix G: Fixed Asset Policy

G1. Introduction

The purpose of this policy is:

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

G2. Definitions

Accumulated Depreciation

The total accumulated amount charged to the Statement of Financial Activity (SOFA) income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the Balance Sheet will be reduced over the useful life of the asset.

Capitalisation

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

Net book value

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

Depreciation

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

Fixed Assets

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

Fixed Asset Register

An inventory of all fixed assets which must include date purchased the depreciation rate, net book values and the depreciation.

Grant

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

Recoverable Amount

The cash proceeds when an asset is disposed.

G3. Categories of Fixed Assets

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

Freehold and Long Leasehold Buildings

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

The Trust must seek and obtain prior written approval from the ESFA when acquiring a freehold on land or buildings.

Fixtures and Fittings

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

Plant and Equipment

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

Computer Equipment and Software

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

G4. Criteria for Capitalisation of Assets

Expenditure Eligible for Capitalisation

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and **exceeds £5,000**, should be identified and flagged as a fixed asset. The asset should be recognised on the Trust/School Balance Sheet.

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

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

Expenditure Not Eligible for Capitalisation

- individual items costing **less than £5,000**, unless purchased in bulk as part of a capital project
- costs of staff training as part of normal business activities
- administration and general overheads for running day to day activities
- planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants
- cost of abortive work
- post implementation support and maintenance costs related to software installation.

G5. Accounting Treatment (Valuation in Balance Sheet)

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

Costs must be allocated against individual fixed assets.

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

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

Fixed assets purchased with grant money must be clearly identified in the Fixed Asset Register.

G6. Revaluation of Fixed Assets

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

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

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

G7. Depreciation

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

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

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

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

- Leasehold land: 0%
- Leasehold buildings: 4%
- Freehold Land 0%
- Freehold Buildings 2%
- Furniture & Equipment 20%
- ICT Equipment 20%
- Vehicles 20%

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

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

G8. Disposal of Fixed Assets

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

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

- profits on disposal of fixed assets must be included in the SOFA income and expenditure account under 'profit or loss on sale of assets'
- losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account within the SOFA income and expenditure account.

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

The Trust must seek and obtain prior written approval from the ESFA, for the following transactions:

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

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

The Trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where the assets have a residual value.

G9. Custodial Review

The Fixed Asset Register must be formally checked to the assets held at least once a year by the Chief Financial Officer.

Appendix H: Trustee and Governors Expenses Policy – Claim form

Please see overleaf.

Appendix H - Trustee and Governors Expenses Policy: Claim form

• Name.....

Date of expenditure	Reason for expenditure NON-TAXABLE JOURNEYS	Outward Journey		Return Journey		Total Miles to claim	Parking fees*	Public transport costs
		From	To	From	To			
Totals								

• Home address.....

Date of expenditure	Reason for expenditure TAXABLE JOURNEYS	Outward Journey		Return Journey		Total Miles to claim	Parking fees*	Public transport costs
		From	To	From	To			
Totals								

Miles to school from home.....miles (please deduct from your journey)

I certify that the details shown above are correct and the mileage has been necessarily incurred on Trust/ School business.

.....Signed SchoolDate

Authorised by (Resources Committee)	Checked by Finance Dept	Certified by Business Manager or Headteacher/HoS

Claims must be submitted by the academic year end and within 3 months of the expense. Please submit to the school PA who will ensure processed.

Appendix I: Charging and Remissions Policy

The Trust is committed to the general principle of free education and recognizes the valuable contribution that a wide range of activities, including School Visits and residential experiences, can make towards all aspects of students' education. It also believes that all our students should have an equal opportunity to benefit from School/Academy activities and visits (curricular and extracurricular) independent of their parent's financial means.

The Trust recognises its responsibility to ensure that the offer of activities and educational visits does not place an unnecessary burden on family finances. To this end we will try to adhere to the following guidelines:

- where possible each School shall publish a list of visits (and their approximate cost) at the beginning of the School year so that parents can plan ahead
- we have established a system for parents to pay in instalments
- we acknowledge that offering opportunities on a 'first pay, first served' basis discriminates against pupils from families on lower incomes and we will avoid that method of selection.

The 1996 Education Act (updated 2011) requires all Schools to have a policy on charging and remissions for School activities, which will be kept under regular review.

The policy identifies activities for which:

- voluntary contributions may be requested
- charges will be made
- charges will not be made
- charges may be waived.

11. Voluntary Contributions - Parents

Separately from the matter of charging, Schools may always seek voluntary contributions in order to offer a wide variety of experiences to pupils. All requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils of parents who do not make such contributions will be treated no differently from those who have.

The Law states:

- if the activity cannot be funded without voluntary contributions the Governing Body or Head will make this clear to parents from the outset
- no child will be excluded from an activity because his or her parents are unable or unwilling to pay
- if insufficient contributions are received, the trip or activity may have to be cancelled
- if a parent is unwilling or unable to pay their child will still be given an equal chance to on the visit.

12. Charges Will be Made - Parents

The Trust reserves the right to make a charge for the following activities which may from time to time be organised by the School(s):

- **Sales and charges to parents and pupils** – the Trust/ School(s) will recover cost only for items including;
 - School uniform (from external suppliers), educational equipment, class sales etc
 - other recharges including; examinations (resit fees, remark fees, return of scripts), certain text books, damages caused by malicious behaviour.
 - With regards reckless or malicious damage caused to School property, parents will be required to pay a contribution towards the cost of repair. The level of contribution will be determined by the Senior Leadership Team.
- **activities outside school hours** - the School(s) will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below (time spent on travel counts in this calculation if the travel itself occurs during School hours)
- **residential activities held during school hours** - charges may be made for the board and lodging element of those residential activities during School hours. Parents will be notified in advance of any such activities which the School proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made. However pupils whose parents are in receipt of certain benefits (see **remissions policy** below) may not be charged for board and lodging costs
- **instrumental tuition** - music tuition for individuals or small groups of up to 4 pupils. Charges are usually made directly to the parent by the provider
- **home to school student transport** - costs incurred by the School in providing home to School transport for students who live outside of the School's designated catchment area (if applicable).

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

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

- the pupil's travel costs
- the pupil's board and lodging costs

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

If the number of School sessions on a residential trip is equal to or greater than 50% of the number of half days spent on the trip it is deemed to have taken place during school hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the School day, regulations require that the School day is divided into 2 sessions. A "half day" means any period of 12 hours ending with noon or midnight on any day.

13. Charges Will Not Be Made - Parents

Charges will not be made for the following:

- an admission application
- education provided during School hours
- education provided outside School hours if it is part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the School, or part of the School's basic curriculum for religious education
- tuition for pupils learning to play musical instruments (or singing) if the tuition is required as part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the School, or part of religious education
- Note in the case of eligible Pupil Premium pupils taking GCSE or 'A' Level music, the cost of one instrumental lesson per week will be paid by the School. Parents should contact the Head of Music (or equivalent) at the School to make the necessary arrangements for this.
- entry for a prescribed public examination, if the pupil has been prepared for it at the School
- examination re-sit(s) if the pupil is being prepared for the re-sit(s) at the School. However, if a pupil fails, without good reason, to meet any examination requirement for a syllabus a charge will be made
- education provided on any trip that takes place during School hours
- education provided on any trip that takes place outside School hours, is part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the School's basic curriculum for religious education
- supply teachers to cover for those teachers who are absent from School accompanying pupils on a residential trip.

14. Remission of Charges for Parents

In order to remove financial barriers from disadvantaged pupils, the Trust has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived. Limited funding may be available and parents should apply in writing to the Head of School, via the member of staff responsible if they wish to access potential financial support.

- Families may qualify for remission or help with charges if they are in receipt of benefits.
- Additional categories of parents may request assistance with some costs in the following circumstances:
 - specific individual circumstances that have caused temporary hardship
 - recently moved into hardship but not yet receiving the benefits mentioned above
 - made a specific request to the Head for any other justifiable reason. The remission is at the Business Manager's/Head's discretion in these circumstances based on any evidence provided.

Priority will be given to those entitled to Free School Meals and essential curriculum related activities in the first instance and each case will be considered on its merits.

15. Refunds for Parents

Cancellation by Pupil:

Where a charge has been levied for an educational visit or activity and the student cancels this place, no refund will be repayable to the parent or student if the School/Trust has incurred a cost, e.g. paid this to the travel company.

The exception to this is a medical condition preventing the student from attending the educational visit or activity, under these circumstances a full refund may be repayable on presentation of an appropriate medical certificate and with the agreement of the Trusts insurers.

If no cost has been incurred by the School/Trust, a proportion of the funds paid may be returned to the parent/carer or student after the non-refundable deposit has been deducted.

A cancellation charge of £10 may also be made at the discretion of the School/Trust.

Cancellation by School:

A full refund is payable to the parent/carer.

16. Sales and Charges Provided to Third Parties – Other than-Parents

Lettings – are charged at commercial rates, depending on the site and facilities for hire.

Consultancy – is charged at the appropriate commercial rate.

Appendix J: Assisted Instrument Purchase Scheme

Introduction

The Assisted Instrument Purchase Scheme is available to support pupils in state education. The scheme is regulated by HMRC. Parents/Carers of pupils who wish to purchase an instrument under the scheme should apply to the School. The School must follow the procedure in this document to ensure that the purchase and sale transactions are completed and documented to comply with HMRC requirements and Trust financial policy. All documentation relating to the purchase of the item and the sale of that item to the parent/carers must be obtained and retained for audit purposes.

Rules and definitions for AIPS

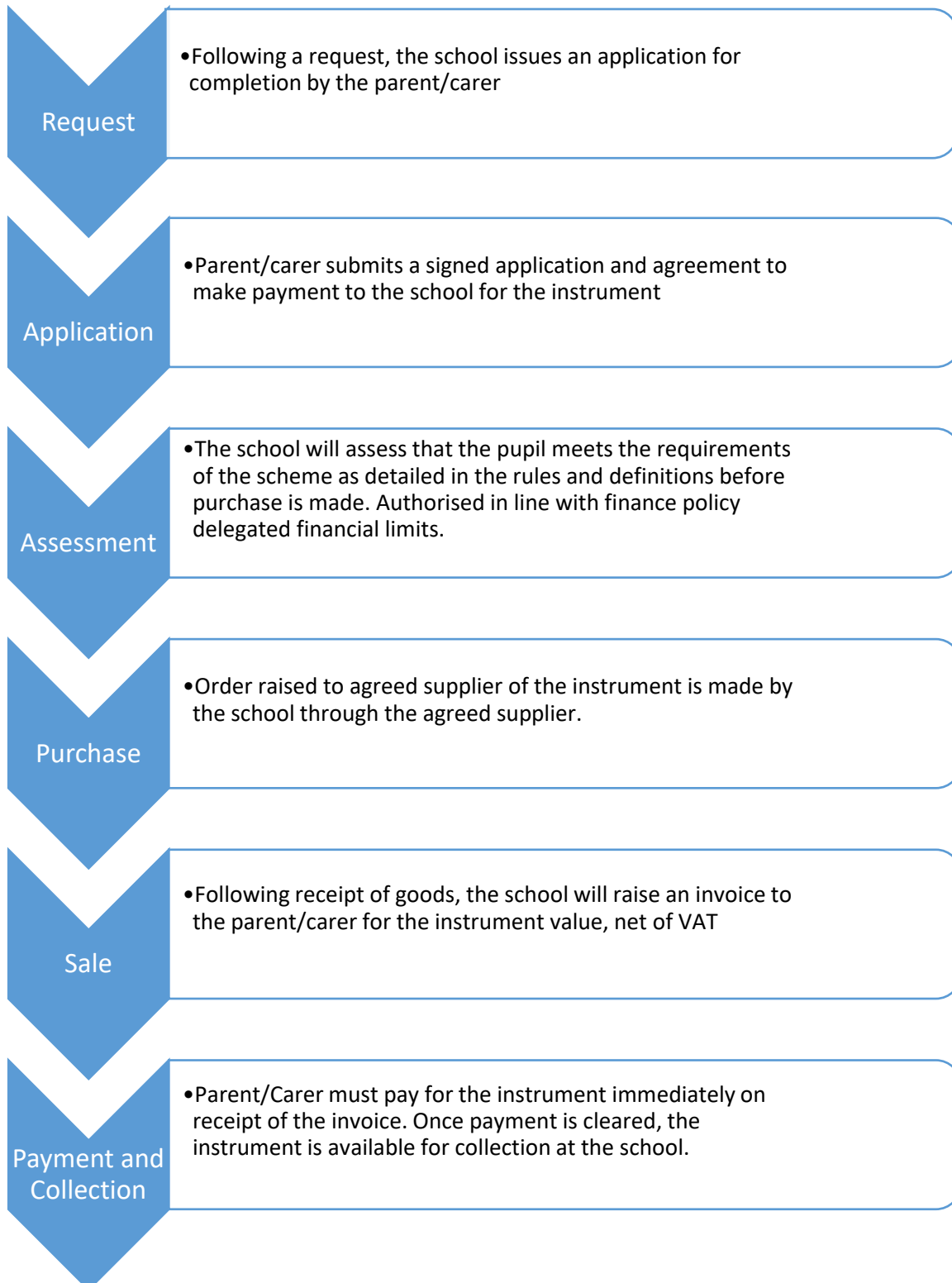
For the purchase to qualify for the AIPS, the following criteria must be met:

- The instrument or item must be sold to the local authority or school and then supplied onto the pupil or their guardian;
- The pupil must be receiving state education (please see below for the definition of state);
- The instrument must be used as part of their musical tuition;
- The instrument must be appropriate to the pupil's needs; and
- The price charged to the pupil for the purchase of the instrument must be at or below cost (please see [VATGPB7815](#) for a definition).

For the purposes of AIPS the following definitions apply:

- "State education" includes the following:
 - Musical tuition at a local authority school;
 - Musical tuition at an academy;
 - Musical tuition in either a school orchestra or local authority orchestra; and
 - Musical tuition in a local music hub.
- "Musical Instruments" includes replacement parts.

Application and sale process



Application Form

Please complete the application in full. Please circle your response to any Yes/No question.

Pupil Name:

Is the pupil in state education as defined at page 1? Yes/No

Please give details below:

Have you identified a supplier? Yes/No

Please provide full details below.

Supplier Name:

Address:

Telephone Number:

Declaration:

I confirm that all the details are accurate and, I agree to make immediate payment for the instrument on receipt of an invoice from the school.

Signed:

Date:

Name in full:

For Internal Use

The application has been checked as accurate. Order and sales invoice information is as follows:

Authorised to purchase (signature/name):

Date order raised: Order number:

Date invoice raised: Invoice number:

Date payment received:

Copy of complete form to be retained with purchase and sales invoice for audit purposes.