



# Finance Policy

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# **Finance Policy**

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## GLOSSARY OF ACADEMY TERMS

- AAR Academy Accounts Return** - a financial return submitted to the ESFA reflecting the Annual Financial Statements in a format appropriate for inclusion in the Whole Government Accounts
- AO Accounting Officer** - the AO is responsible for compliance with the Academy Trust Handbook and Academies Accounts Direction. The individual **must** be a fit and suitable person for the role. In trusts comprising a single academy, this should be the principal. In multi-academy trusts, it should be the chief executive or executive principal
- AoA Articles of Association** – the AoA set out the internal management, decision making and running of the academy trust and its liability. It forms an annex to the FA for each academy
- CFO The Chief Finance Officer** – the CFO is the individual who leads the finance department, such as the Finance and Operations Director
- CPT Connected Party Transactions** - CPT are transactions related to the provision of goods or services by individuals or organisations connected to the academy trust
- DfE Department for Education** - The DfE is the 'principal regulator' of academies. It is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured
- ESFA Education & Skills Funding Agency** –The ESFA is the executive agency of the DfE, who also act as the agent of the Secretary of State
- FA Funding Agreement** - Legally binding document between the Academy and the DfE
- GAG General Annual Grant** - main funding grant received from the ESFA
- IS Internal Scrutiny** – this is a process for checking the trust's financial systems, controls, transactions and risks
- MoA Memorandum of Association** - the MoA sets out the name of the academy trust. It provides for details of the academy trust members under the Companies Act 2006. It forms an annex to the FA for each academy
- SORP Statement of Recommended Practice** - academies must comply with the Charity SORP
- SoS Secretary of State** [Back to Contents](#)

## 1. Introduction and Statement of Intent

The purpose of this Finance Policy is to support Greensand Multi-Academy Trust (“the Trust”) operating with accountability and transparency, meeting the requirements of the Funding Agreement, Academy Trust Handbook, Academies Accounts Direction, Companies Act 2006 and the appropriate Charities SORP.

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## 2. Scope and Applicability

- This Policy applies to all Members, Trustees, Governors and staff of the Trust.
- Members of these groups involved with the financial management of the Trust should be familiar with the content of this Policy, any related policies and procedures, the Academy Trust Handbook (ATH) and Academy Accounts Direction.
- The Trust accounting policies are fully aligned with the ATH, Academies Accounts Direction, and the appropriate Charities SORP.
- All accounting transactions will be undertaken accordingly. Where there is scope/requirement for local decision making regarding any financial transactions, this is indicated within the Finance Policy or associated policies and procedures, including the Trust’s Financial Scheme of Delegation. **(Appendix B)**.
- Detailed financial procedures and processes are documented in the Trust Financial Procedural Manual

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## 3. Roles and Responsibility

- All Members, Trustees, Governors and staff of the Trust must adhere to the ‘Seven Principles of Public Life’. **(Appendix A)**
- The specific roles and responsibilities of all groups of people/ individuals who carry financial and assurance responsibilities within the Trust are set out below.
- The DfE will be notified via GIAS of any alterations to the personnel performing the roles of Member, Trustee, Local Governor, Chairs of Trustees/School Committees, Accounting Officer and Chief Financial Officer.

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### 3.1 Members

The Members of the Trust are the subscribers to our Memorandum of Association, and any other individuals permitted to become Members under our Articles of Association. Their powers include the authority to appoint and remove Trustees. If the Trust ceases to exist, they have a limited financial liability defined in the Memorandum and Articles of Association.

There is distinct separation between the Members' Board and the Trust Board. A distinction between the two will be maintained to ensure that Members provide oversight of and challenge to the Trust.

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#### 3.1.1 Trustees/ Directors/ Governors – Multi-Academy Trust

For multi-academy trusts, the terms “Trustee” and “Director” are interchangeable. For the purpose of this Policy, the group is referred to as “the Trustees”.

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#### 3.1.2 Governors – Multi-Academy Trust

Each of the schools who are part of the Trust have a School Committee (SC).

The SC is responsible for the local management of the school. Their responsibilities and associated level of delegation are defined through the Trust's Articles of Association, Terms of Reference, the Trust's Scheme of Delegation and Financial Scheme of Delegation and the Trust's policies.

The SC evidence that their responsibilities are met through the following:-

- A Designated Governor for Finance attends quarterly meetings with the, FOD, Headteacher and SBM to discuss the management accounts and report back to the SC;
- Production and monitoring of a Risk Register;
- IS reports and subsequent actions;
- Minutes of meetings;
- Professional service request correspondence.

### 3.2 Finance, Audit and Risk Committee

- The Trust's Board of Trustees have appointed a dedicated Finance, Audit & Risk Committee (FAR Committee) to provide assurance over the suitability of, and compliance with, its financial systems and operational controls.

The FAR Committee provides assurance to the Trust Board that risks are being adequately identified and managed by:-

- reviewing the risks to internal financial control at the Trust; and
- agreeing a programme of work to address and provide assurance on those risks.

The FAR Committee is responsible for deciding which areas of risk should be subject to internal scrutiny as advised on the Government booklet [Internal scrutiny in Academy Trusts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/internal-scrutiny-in-academy-trusts).

The Chief Executive Officer (CEO) and Finance & Operations Director (FOD) will arrange for the sourcing of appropriate organisations to undertake the internal scrutiny inspections and for reports to be made available to the FAR Committee. Visits will be timed throughout the school academic year and reported to the ESFA as required.

The FAR Committee evidence that their responsibilities are met through:-

- Professional service request correspondence
- Planning a programme of works informed by the Risk Register & Risk Management Policy & Strategy
- IS reports and subsequent actions
- Minutes of meetings

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### 3.3 Accounting Officer

The Accounting Officer (AO) of the Trust is the CEO and they must have the skills, knowledge and experience to run the Trust. The AO is an ex-officio Trustee.

The AO has a personal responsibility to Parliament and to the Accounting Officer of the ESFA for the resources under the Trust's control. The AO is able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- Value for Money
- Regularity
- Propriety

The AO will advise the Board of Trustees in writing if at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Articles

of Association, Funding Agreement or the ATH. Where the Board of Trustees is minded to proceed, despite the advice of the AO, the AO must consider the reasons the Board gives for its decision. If, after considering those reasons, the AO's opinion is still that the action proposed by the Board is in breach of the AoA, the FA or the ATH, the AO must notify the ESFA's accounting officer immediately, and in writing.

The AO evidences that their responsibilities are met through:-

- Monthly meetings with the FOD to ensure that all monthly accounting processes have been completed by the individual schools
- Compliance with the Financial Scheme of Delegation, ensuring separation of duties. **(Appendix B)**
- Verifying that an accurate Fixed Asset Register/Inventory is maintained
- Production of a Risk Register and subsequent actions
- IS reports and subsequent actions
- Benchmarking key performance indicators against similar schools
- A review of Value for Money within the Governance Statement in the annual report and financial statements
- Statement of Regularity, Propriety and Compliance in the annual report and financial statements.

The AO receives an annual letter from the ESFA clarifying their key responsibilities. This will be shared with the FOD, SLTs and Trust Board.

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### **3.4 Chief Finance Officer (Finance and Operations Director)**

The Trust's Chief Finance Officer (CFO) is the FOD. The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts. The CFO must have the skills, knowledge and experience to contribute to the management of the Trust.

The CFO shows that their responsibilities are met through:-

- Monthly meeting with the CEO to:-
  - evidence that the appropriate period end procedures have been undertaken as specified in evidence that payroll transactions accurately reflect approved contracts of employment and additional payments, ensuring that senior employees' payroll arrangements fully meet their tax obligations and that they comply with HM Treasury's guidance;
  - review the period end management reports as specified in Termly submission of management reports to the FAR Committee, ensuring that variances between budget and actual income and expenditure are understood, addressed and explained appropriately.

- Compliance with the Financial Scheme of Delegation, ensuring separation of duties.– **(Appendix B)**
- Ensuring that an accurate Fixed Asset Register/Inventory is maintained
- Verification of Risk Register and subsequent actions
- Ensuring an IS audit is supported
- IS reports and subsequent actions
- Supporting benchmarking key performance indicators against similar schools
- A review of Value for Money
- Timely submission of ESFA reporting requirements
- Ensuring production of an Annual Report and Financial Statements that adhere to all financial/accounting policies
- Ensuring an annual external audit is supported and reflected in the Independent Reporting Accountant’s Assurance Report on Regularity within the Annual Report and Financial Statements

The CFO will attend quarterly meetings with Headteachers, SBMs and Designated Finance Governor of all schools within the Trust to discuss the relevant quarterly figures.

Where schools present some financial concern, monthly meetings will be held with the CEO, CFO, Headteacher and SBM. An action plan will be developed if necessary.

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### 3.5 All Staff Members

All staff members are:

- appropriately qualified and/or experienced responsible for:-
  - the security of Trust property
  - avoiding loss or damage
  - ensuring economy and efficiency in the use of resources
  - conforming with the requirements of the Trust’s financial policies and procedures
  - reporting any misuse of Trust property or resources to their line manager.

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## 4. Governance and Financial Oversight

- The Board of Trustees has approved a written:
  - Financial Scheme of Delegation of financial powers that ensures appropriate separation of duties. **(Appendix B)**
  - internal control framework/financial procedures that support the maintenance of robust internal control arrangements and full and accurate accounting records.

- The Trust has appointed a Finance, Audit & Risk Committee to which the Board delegates financial scrutiny and oversight.

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#### 4.1 Internal Control

The Trust has established a control framework that recognises public expectations about governance, standards and openness.

- The internal control framework includes:
  - a monthly meeting between the Chair of Trustees, the AO and the FOD to discuss the monthly management accounts and to provide an overview of the current consolidated financial position of the Trust;
  - co-ordinating the planning and budgeting processes;
  - applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;
  - preparation of monthly budget monitoring reports;
  - ensuring that delegated financial authorities are respected;
  - effective planning and oversight of any capital projects - Competitive Tendering Policy /Internal Control Framework;
  - the management and oversight of assets – Write off and Disposals Policy;
  - the propriety and regularity of financial transactions;
  - reducing the risk of fraud and theft – Whistleblowing Policy and Anti-Fraud Policy;
  - ensuring efficiency and value for money in the organisation’s activities - Competitive Tendering Policy;
  - a process for independent checking of financial controls, systems, transactions and risks - Programme of internal scrutiny works informed by the FAR Committee, including through reference to the Trust’s Central Risk Register.

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#### 5. Financial Planning

The Trust will prepare financial plans to secure the short-term and long-term financial sustainability of the Trust. A balanced budget for all funds, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA annually in line with the ESFA timeline and following their template.

The Trust Board will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

Evidenced by:

- Minutes of meetings
- The submission of the annual budget, informed by the Trust Development Plan and approved by the Trust Board to the ESFA (Revenue & Capital)
- The submission of a three year budget plan, informed by the Trust Development Plan to the Trust Board (Revenue & Capital)
- Cash flow statement submitted to Trustees.

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## 5.1 Managing Surplus General Annual Grant/Reserves

- The Trust funding is based on pupil census data.
- Schools are committed to using the allocated GAG funding for the full benefit of our current pupils.
- Any surplus balances are currently held by individual schools within the Trust.
- The member schools refer to the Reserves Policy within the framework of the Trust's Accounting Policies.

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## 5.2 Investments

- The Trust Board may invest to further the Trust's charitable aims, but will ensure that investment risk is properly managed. When considering making an investment, the Trust Board will only act within their powers to invest as set out in the Trust's Articles of Association.
- The Trust has an Investment Policy to ensure that security of funds takes precedence over revenue maximisation and to ensure value for money.
- The Trust holds the majority of its funds in Current, Notice and Fixed Term Deposit Accounts with Lloyds Bank. The Trust may hold up to a maximum of £595K in blocks of £85K with different financial institutions.

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## 6. Income Generation

- The schools within the Trust set fees for their chargeable services at full cost, **and only apply an additional rate of return when in a commercial environment.**
- Fees and charges for the cost of public services to other Government funded companies or bodies will be determined at full cost as per annex 6.1 of [HM Treasury's Managing Public Money](#).

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## 6.1 Charging and Remissions

The Trust's member schools have a policy in place for Charging and Remissions to cover items such as classroom sales, trips and activities in line with the [DFE guidance](#) for maintained schools.

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## 6.2 Lettings

The individual schools within the Trust have a policy in place to govern lettings. Each school's policy is a statement of the aims, principles and strategy used for dealing with lettings at that school, and contains a schedule of their chargeable rates.

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## 7. Procurement and Tendering

- The Trust has a Competitive Tendering Policy in place for procurement and tendering that reflects the DFE, and EU Public Sector Procurement, low, medium and high level [procurement procedures](#).
- The policy includes appropriate guidance and the details of any appropriate approvals required regarding any operating lease arrangements that may be considered during a procurement process.

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### 7.1 Contract Management

- A list of contracts is held and monitored at schools. Where possible, annual contracts should start in September each year to coincide with the start of the academic and financial year.
- The School Business Managers and FOD review this annually when the budget is set to determine which contracts are due for renewal in the coming year.
- This supports a timely, appropriate procurement process that supports the VFM aims of economy, efficiency, and effectiveness.

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### 7.2 Leases

- The Trust is aware that they may only enter into Operating Leases e.g. rental agreements.

- The Trust will ask for the Secretary of State’s consent if it wishes to:
  - take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
  - take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years;
  - grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

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### 7.3 Borrowing

- The Trust is aware that it **must** seek the 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.
- Purchasing cards will only be used for business (not personal) expenditure, and balances cleared before interest accrues. Each member school and the Trust has purchasing cards for the purchase and payment of goods and services. Several members of staff from each school and within the Trust’s Central Team are nominated purchasing card cardholders. Purchasing card expenditure is capped to a monthly limit for each cardholder. The limits for each purchasing card holder are held by the Central Team and any increases have to be approved by the FOD and CEO.
- The Trust is aware that the Secretary of State’s general position is that academy trusts will only be granted permission for borrowing in exceptional circumstances, but that from time to time, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. For example, the Department’s Condition Improvement Fund for capital projects, and the Salix scheme designed to support energy saving which will be applied for as appropriate.

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## 8. Related Party Transactions

Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members).

Related Party Transactions are goods or services provided by individuals or organisations connected to the academy trust. In order to ensure that there can be no

real or perceived conflicts of interest, the Trust has adopted the following policy in line with the ATH:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all Members, Trustees, Local Governors of schools and senior employees complete the register of interests, in accordance with sections 5.45 to 5.48 of the ATH
- no Member, Trustee, Local Governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust
- there are no payments to Trustees by the Trust unless permitted by the Articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest
- the Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a trustee. The school will pay no more than 'cost' for goods or services provided to it by related parties as defined in the ATH – Section 5.49.

The Trust Board must ensure requirements for managing related party transactions are applied across the Trust. The Chair of the Board and the AO must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'. Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract or other agreement exceeding £20,000
- a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

## 8.1 Governor Allowances

The Trust has an Expenses Policy for Governors, Trustees and Members. The Trust should be aware of the Charity Commission's Guidance for Trustees CC11: Trustee expenses and payments.

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## 9. 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 will always be referred to the ESFA by the Trust Board for explicit prior authorisation.

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## 10. Delegated Authority – Special Payments

Some transactions may fall outside the usual activities of academies and may exceed statutory and contractual obligations. The Trust will refer to Part 5 of the ATH and Annexe 4.13 of Managing Public Money when making any decisions concerning these payments. Examples of such payments are:

### 10.1 Staff severance payments

If the Trust is considering making a staff severance payment above the statutory or contractual entitlements, the Trust Board **will** consider the following issues:

- Whether the proposed payment is in the interests of the Trust;
- Whether the payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. This is relevant because if there is a significant prospect of losing the case, then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, a settlement will not be offered;
- If the settlement is considered to be justified, then the Trust Board would 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.

Staff severance payments will 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.

The Trustees are aware that the following schedule of delegation applies to severance payments and will not operate outside this guidance:

Statutory/contractual payment	Non-statutory/non-contractual payment	EFA prior approval required?
£30,000	+ £30,000	No
£60,000	+£30,000	No
£30,000	+£50,000	Yes – for £50,000

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## 10.2 Compensation and Special Payments

The Trust will make appropriate compensation payments to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the Trust Board are 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.

The Trust is aware that, as for severance payments, they have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, ESFA's prior approval **must** be obtained. ESFA will refer such transactions to HM Treasury.

Where a compensation payment has been necessitated by an event that reveals concerns about the effectiveness of internal control systems, the Trust Board will take any necessary steps to correct failings.

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## 10.3 Ex gratia payments

Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia transactions **must** always be referred to the ESFA by the Trust Board for prior authorisation. HM Treasury approval may also be needed. If the Trust is in doubt about a proposed transaction, advice from ESFA will be sought.

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## 10.4 Gifts and Hospitality

The Trust has a Gifts & Hospitality Policy which is applied across the Trust for the acceptance of gifts and hospitality. The policy includes a register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise

a staff member's personal judgement or integrity. Each member school retains a gifts & hospitality register which is filed centrally each term. The policy is published on the Trust website and each school ensures that all members of staff are made aware of the policy.

When giving gifts, the Trust ensures that the value of the gift is reasonable, is within the limits stated in the Gifts & Hospitality Policy, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

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## **11. Fixed Assets Accounting**

Details of all Fixed Assets are recorded in the Fixed Asset Register.

Post-conversion, all fixed assets are reflected within the Fixed Asset Register at the date that they are first brought into use.

The capitalisation threshold for the Trust, together with the useful economic lives of assets, and levels of depreciation are recorded on the Fixed Asset Register.

The Trust will seek and obtain written approval from the Secretary of State, via the ESFA, for the following:

- Acquiring a freehold on land or buildings;
- 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;
- Novel or contentious property transactions.

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## **12. Accounting Adjustments**

The Trust prepares accruals accounts giving a true and fair view of the Trust's use of resources, in accordance with existing accounting standards. Prepayments and accruals over £1K are usually recorded on a monthly basis where the effect of not doing so would distort the management accounts in a material manner. All other accounting adjustments, including depreciation, are reflected at year end. All accounting adjustments are recorded in an excel spreadsheet (template available), other than depreciation which is recorded on the Fixed Asset Register.

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## **13. Virements**

The Trust sets an annual budget each financial year, which is approved by the Trust Board. The Trust budget comprises individual budgets for each separate element of Trust expenditure, including each of its Schools.

Over the course of the financial year the circumstances of each of the Schools may change, which may necessitate changes in the allocation of expenditure compared to the original budget.

To ensure that the Trust's Schools are able to make appropriate decisions with regard to the allocation of expenditure within the parameters of the agreed budget, whilst ensuring that the Trust retains an appropriate level of oversight and control, there is a process for dealing with virements.

### Definitions and Goals

**Virement** is the reallocation of funds from one part of a budget to another.

**Annual Budget** is a plan for the allocation of funding to different types of expenditure in a given financial year (1st September to 31<sup>st</sup> August). It is usually approved in the June preceding the start of each financial year.

### **Budget Headings**

The virement process is intended to apply to transfers of budgeted expenditure between the categories shown in the table below, as reported using the Management Report from the Trust's Access financial system. Transfers of expenditure within each category are not covered by this process and can be made without restriction.

#### **Staffing Expenditure**

STTEACH - Teaching Staff

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STTCHSUP - Teaching Support Staff

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STADMINOTH - Admin & Other Staff

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#### **Other Expenditure**

INDSTAFF - Indirect Staff Costs

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STAFFDEV - Staff Development

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PREM - Premises & Occupancy

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LEARN - Learning Resources

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ICT - ICT Costs

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ADMIN - Admin Non Ed Costs

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## Virements

A distinction is made between virements **within** Staffing Expenditure or Other Expenditure (e.g. between Teaching Staff and Teaching Support Staff, or between ICT costs and Learning Resources) and virements **between** Staffing Expenditure and Other Expenditure (e.g. between Teaching Staff and Learning Resources).

Any virement of funding within Staffing Expenditure or Other Expenditure should be reported in the monthly management accounts and monitored by the FOD and CEO.

Any virement of funding between Staffing Expenditure and Other Expenditure requires a virement form to be completed and is subject to the following approvals:

1. Virements of up to £20,000 should be approved by the Headteacher and notified to the FOD
2. Virements of between £20,000 and £30,000 should be approved by the FOD/CEO and reported to the FARC
3. Virements of over £30,000 should be approved by the FAR Committee.

When considering whether to approve a particular virement, the approvers should take into account both the in-year and future effect of any commitments that are entered into.

Where a virement has been agreed, the budget should be amended in Access and included in the next updated financial forecast that is prepared by the School.

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## 14. Fund Accounting

Equity is represented in the Trust accounts by the Retained Earnings b/f (Fund Balances) and the in-year Income and Expenditure account balance.

Equity that does not represent current assets or liabilities e.g. Fixed Asset (carrying value; non-realizable) and Pension Liability (reserve) are clearly earmarked in separate restricted Funds.

This enables general funds i.e. working capital (current assets – current liabilities) to be easily identified using Access Education Finance; minimising the risk that users of the reporting software may misinterpret the information presented, believing that the Trust has more working capital available than is the case.

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### 14.1 Income recognition within Funds

A schedule of income recognition is held indicating how income received and associated expenditure is treated within the Trust accounts, where the source of the income is additional to or being treated differently from the treatment indicated below:

- **Unrestricted fund** – this contains resources which can be spent on any purpose at the discretion of the Trustees, within the objects of the Trust as set out in its

governing documents. It will include the following incoming resources and related expenditure:

- *fees for hiring out facilities such as rooms, swimming pool and sports pitches*
  - *fees from parents for private music tuition*
  - *fees from parents for private nursery provision*
  - *proceeds from other trading activities including those of consolidated subsidiaries*
  - *donations with no restrictions attached*
  - *fees for school trips & visits*
- **Restricted general fund** – this contains revenue (running costs) resources which can only be spent for particular purposes. It would include the following incoming resources and the related expenditure:
    - ESFA General Annual Grant (GAG), including:
    - School budget share
      - minimum funding guarantee
      - education services grant
      - *allocation protection*
      - *pre-16 high need funding*
    - other ESFA revenue grants such as pupil premium
    - other government revenue grants, including local authority funding for high needs pupils
    - donations with restrictions attached (i.e. received for specific revenue purposes).
- **Restricted fixed asset fund** – as indicated in [14](#) this must equate to the net book value (NBV) of the fixed assets on the Balance Sheet. Depreciation will be charged to this fund ensuring that this remains the case. The fund does not represent working capital, but incoming resources, and subsequently their NBV.

Income that has been received for the purpose of purchasing resources that will enhance the value of the Fixed Assets e.g. ESFA and other government capital grants *can be/are* reflected in this fund, but for clarity regarding working capital, this income is held in an additional restricted fund pending related expenditure taking place and is then transferred to the Fixed Asset Fund at the point that the Assets are recognised on the Balance Sheet.

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## 15. Retention of Finance and Payroll Records

All records relating to the Financial Management of the Trust are retained in line with the Information and Records Management Society [“Records Management Toolkit for Schools”](#) and the Records Management Policy contained within this.

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## 16. Whistleblowing

The Trust has a Trust-wide policy in place for whistleblowing/fraud which is published on the Trust website. Member schools ensure that all staff are aware of the Whistleblowing Policy which sets out to whom they can report their concerns and the way in which such concerns will be managed.

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## 17. Risk Management

The Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. We have recognised and are managing present and future risks to ensure our effective and continued operation, which are recorded in a risk register.

The Trust's procedures for the management of risk include contingency and business continuity planning.

Where reasonable recommendations are made by risk auditors, these will be addressed by the Trust.

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## Appendix A

### [Committee on Standards in Public Life](#)

#### **The Seven Principles of Public Life**

##### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

##### **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

##### **3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

##### **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

##### **5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

##### **6. Honesty**

Holders of public office should be truthful.

##### **7. Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

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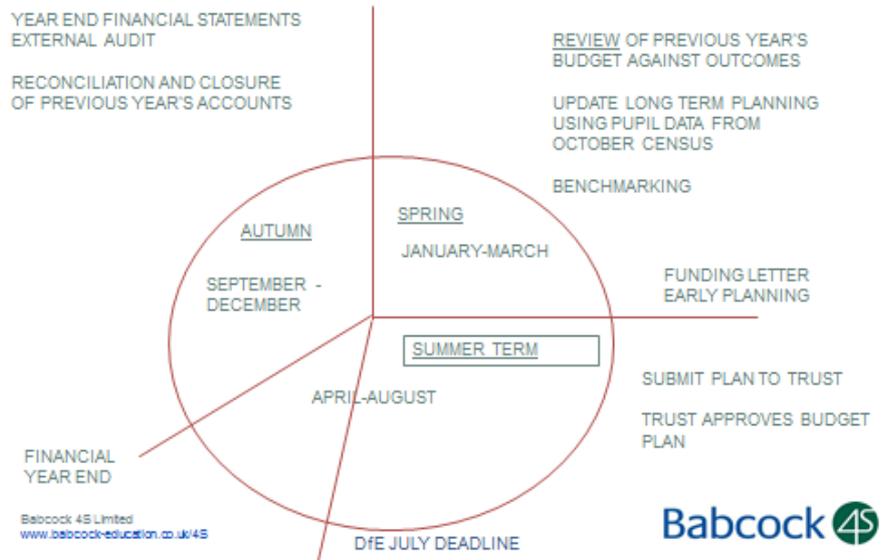
## Appendix B – Financial Scheme of Delegation

Click here for [the Trust's Financial Scheme of Delegation](#)



## ANNUAL BUDGET CYCLE & MEETINGS

### The Annual Budget Cycle



### ANNUAL BUDGET CYCLE & MEETINGS

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES (academic year)
Autumn	Submit first draft of Trustees' Report, supporting schedules & trail balance to auditors	FOD/EP/Clerk to the Trust	(An action, no approval required)	September-October	N/A
Autumn	Audit fieldwork	SBMs	(An action, no approval required)	October	Meetings with SBMs & auditors to take place
Autumn	Year end accounts preparation	Auditors/FOD/JK	(For information only)	October	Wise & Co. on site (dates)
Autumn	Year end audit planning	Auditors/FOD/JK	(For information only)	October	FOD meeting with Auditors (October)
Autumn	Post year end audit meeting (previous financial year)	Auditors/FOD/FARC	(An action, no approval required)	November	Post audit meeting – (date) – Auditors, FOD & FARC Chair
Autumn	Benchmarking exercise	SBMs/FOD	SCs	Nov/Dec	
Autumn	Review long term financial planning at strategic level (3 year forecasts)	SBMs/SLT/HT/FOD/EP	SCs/FAR/TB	Nov/Dec	TB meeting –(December)
Autumn	Complete & submit land & buildings collection tool (LBCT)	SBMs/FOD	FOD	December deadline	N/A

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES (insert academic year)
Autumn	Complete & submit land & buildings collection tool (LBCT)	SBMs/FOD	FOD	December deadline	N/A
Autumn	Accountants Year End: queries answered & adjustments entered on to Finance software & reconciliation between software & Financial Stats	SBMs/MFM/FOD	SC/FAR	Nov/Dec	FARC meeting 1 – November, Auditors’ initial feedback from audit, Trust’s opportunity to raise queries FARC meeting 2 – (November), allowing enough time for Wise & Co. to deal with any changes/queries from the FAR Committee
Autumn	Submission of MAT’s accounts, audited financial statements, auditor’s management letter, internal scrutiny annual summary report (for the year to 31 <sup>st</sup> August in previous financial year)	FOD/EP	SC/TB/MB	December deadline	TB meeting – December for sign off of the Trust’s accounts
Spring	Complete & submit MAT audited accounts return	Auditors/FOD	(An action, no approval required)	February	TB meeting – (February)
Spring	Publish MAT’s audited financial statements (for previous academic year to 31 <sup>st</sup> August) on MAT website	TCS	(An action, no approval required)	February deadline	N/A
Spring	Review salary & pension data	HT/SLT/SBMs/FOD	FOD/EP	February	N/A

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES (insert academic year)
Spring	Complete & submit the school resource management self-assessment tool	EP/FOD/Clerk to the Trust	FARC	March deadline	FARC meeting – (March)
Spring	Receive LA & ESFA Funding allocations & verify that data producing them is accurate	SBMs/FOD	SLT/HT/EP	March	N/A
Spring	Staffing Structure Review – to enable potential issues to be addressed for September (start of next academic year)	SLT/HT/FOD/EP	SCs/TB (Individual schools need to look at this prior to the budgeting process)	March	TB meeting – (March)
Spring	Forecast income for Activities for Generating Funds	SBMs/MFM/FOD	SLT/HT/EP	March	N/A
Spring / Summer	Draft Budgets produced (for final Budget submission to the Trust Board in July of current year)	HT/SLT/SBMs/FOD	SC/TB	May-June	FARC meeting – (June) (review initial draft Budgets & BFRO)
Summer	Submit MAT's audited financial statements (for previous financial year to 31 <sup>st</sup> August) to Companies House  Members must also have received the annual accounts (for previous financial year to 31 <sup>st</sup> August)	Auditors/FOD	(An action, no approval required)	31 <sup>st</sup> May deadline	N/A

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES (insert academic year)
Summer	Pre-audit team meeting (for current year)	MFM/FOD/EP/FM & a Trustee from FAR		Late June /July	Wise & Co. request for a pre-audit team meeting in late June / early July
Summer	Final Budgets re-submitted if necessary  Approval of Final Budget & Approval of three year budget forecast return	SBMs/FOD	SCs/FAR/TB	June  Submission July	FARC meeting – (July) (preview Final Budget)  TB meeting – (July) – last meeting of this academic year (approve Final Budget)
Summer	Submit MAT's budget forecast return (BFR) three year	SBMs/FOD	(An action, no approval required)	August	

**KEY:**

**FOD** - Finance & Operations Director

**SCs** – School Committee(s)

**SBMs** – School Business Manager(s)

**CEO** – Chief Executive Officer

**MB** – Members' Board

**SLTs** - Senior Leadership Team(s)

**FAR** – Finance, Audit & Risk Committee

**MFM** – MAT Finance Manager

**TB** -Trust Board

**HT** – Headteacher(s)

**PC** - Pay Committee

**TCS** – Trust Company Sec.

## Appendix D

- Contingency/Business Continuity Plan – *existing plan produced for LA provides a starting point*
- Internal Control Framework – internal procedures – *existing operational procedures may need to be amended to reflect new software/alterations to staffing structure/roles and responsibilities. Charities Commission [Internal Financial Controls for Academies CC8](#) and associated checklist provide assistance reviewing this area.*
- Programme of internal scrutiny works – determined by the FARC
- Lettings Policy - schedule of chargeable rates – *existing policy provides a starting point*
- Risk Register – *existing register provides a starting point/ template and training available from Babcock 4S if required*

### [ESFA Academies Library provides pro forma for the following:](#)

- Gifts and Hospitality – register of gifts received
- Governor Allowances Policy
- Investment Policy
- Procurement and Tendering Policy
- Whistleblowing Policy Anti-Fraud
- Write off and Disposals Policy
- Charging and Remission
- [Reserves Policy](#)
- The Key – Provides examples and templates of all policies

### Babcock 4S website pro forma:

- Cash Flow Tool
- Contracts and Period End Adjustments
- Income Recognition Schedule