

FINANCIAL MANAGEMENT POLICY

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CONTENTS

1. INTRODUCTION.....	2
2. SUMMARY OF RESPONSIBILITIES.....	2
3. STAFFING.....	4
4. ORDERS.....	4
5. PAYMENTS.....	5
6. BUDGETARY CONTROL.....	5
7. INCOME.....	7
8. SECURITY OF ASSETS.....	7
9. BANKING.....	8
10. CONTRACTS AND INSURANCE.....	8
11. LETTINGS AND LEASES.....	8
12. REGISTER OF INTERESTS.....	8
13. MAIL.....	9
14. BANKING AND BOOKKEEPING.....	9
15. ORDERS AND INVOICES.....	10
16. INCOME, PETTY CASH, AND WITHDRAWALS.....	10
17. PERSONNEL MATTERS - PAYMENT OF SALARIES AND ALLOWANCES.....	11
18. STOCK BOOK, ASSETS AND LOAN OF FEDERATION EQUIPMENT.....	12
19. TENDERING POLICY, QUOTATIONS & ESTIMATES (ASSET ACQUISITION).....	13
20. RELATED PARTY TRANSACTIONS.....	15
21. SECURITY.....	15
22. INTERNAL CONTROLS.....	16
23. PCI COMPLIANCE.....	17
24. INVESTMENT POLICY.....	17
25. FRAUD POLICY AND PROCEDURES.....	17
26. PERSONAL CONDUCT.....	18
27. FRAUD RESPONSE.....	19
28. GIFTS.....	20
29. AUDIT.....	20
30. INTERNAL AUDIT.....	21
31. ENTITLEMENTS.....	22
32. TRANSPARENCY.....	22

1. INTRODUCTION

- 1.1 As an academy we are required to comply with the Academy Trust Handbook (ATH) and our funding agreements, as set out by the Education and Skills Funding Agency (ESFA). Both the Accounting Officer and the Chief Finance Officer must be employees of the Federation.

2. SUMMARY OF RESPONSIBILITIES

2.1 Directors

The Directors of Rutland and District Schools' Federation as a corporate body are responsible for:

- the general oversight of the procedures for financial management.
- approving the budget.
- monitoring the budget.
- Formulating proposals for dealing with any overspend.
- considering reports on the budget.
- requesting any necessary additional information.

2.2 The Rutland and District Schools' Federation Directors Resources Committee has the delegated responsibility for:

- presenting the budget for approval to the Federation Board of Directors.
- monitoring the budget on behalf of the Federation Board of Directors.
- recommending proposals to the Federation Board of Directors if there is an overspend.
- providing any necessary additional information as requested by the Federation Board of Directors.
- Agreeing the programme on internal scrutiny to provide independent assurance to the board that financial controls are operating effectively.

2.3 Responsible Officer

The Directors will appoint a Responsible Officer, who need not necessarily be a Director or an employee. The duties of this officer will be to provide assurance on the following issues:

- that the responsibilities of Directors under the articles of association of Rutland and District Schools' Federation are being met.
- the economical, efficient and effective management of resources and expenditure, including funds, capital assets and equipment, and staff: continuous knowledge of up-to-date financial requirements; participation, active if necessary, in the formulation of sound internal financial controls; reporting immediately to the Trust on any significant areas of concern.
- that financial decisions are taken fully into account in reaching decisions and in their execution.

2.4 Executive Principal/Accounting Officer

The Executive Principal, who is the appointed Accounting Officer, must ensure that there is appropriate oversight of financial transactions. In doing so, they must:

- ensure that bank accounts, financial systems and financial records are operated by more than one person.
- ensure that all the Academy Trust's (AT) property is under the control of the Trustees, and that measures are in place to prevent losses or misuse.
- keep full and accurate accounting records.
- prepare accruals accounts, giving a true and fair view of the Academy Trust's incoming resources and application of resources during the year, and the state of affairs at the year-end, in accordance with existing accounting standards.

The Accounting Officer has a personal responsibility to Parliament and to the ESFA's Accounting Officer for the financial resources under the Trust's control. The Accounting Officer must adhere to the seven principles of public life – Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

2.5 Chief Finance Officer

All Academy Trusts must have a Chief Finance Officer (CFO), appointed by the Chair of the Trustees Resources Committee. Key responsibilities for the Chief Finance Officer include:

- the preparation of the annual accounts.
- the preparation and monitoring of the budget.
- technical advice.
- liaison with auditors.

The Chief Finance Officer is also responsible for:

- the day-to-day management of Federation finances.
- submitting the budget once agreed to the ESFA.
- providing weekly advice on the budget and Federation finances to the Executive Principal.
- preparing for the Executive Principal's termly reports on the budget for presentation at the Federation Resources Committee.
- providing advice and guidance to the Executive Principal in order to inform policy decisions and the monitoring process.
- making the necessary arrangements for the annual audit and required financial returns to all external bodies.

2.6 Staff with a budget responsibility

Staff who have a budget are responsible for:

- establishing priorities for expenditure within their development plans.
- monitoring expenditure against the agreed budget.
- maintaining expenditure within their allocated budget.

3. STAFFING

- 3.1 The Directors are responsible for:
- establishing an Academy Pay Policy.
- 3.2 The Directors of the Resources Committee is responsible for:
- applying the Academy Pay Policies.
- 3.3 The Executive Principal is responsible for ensuring that:
- the Federation Directors Resources Committee is given all the information necessary to carry out its responsibilities.
 - the payroll execution is informed by the CFO of all matters concerning staffing and that the necessary records are kept.
 - the documents authorising appointments, enhancements, expenses and other staffing matters, for which the CFO is responsible for executing, are checked and authorised.
- 3.4 The CFO is responsible for ensuring that:
- the payroll is processed in a timely manner and inclusive of all effected changes.
 - accurate records are securely kept of all matters relating to staffing matters.
 - the person who authorises documentation relating to staffing matters should not also process claims.
 - monthly out-turn is subject to individual validity checks.

4. ORDERS

- 4.1 The Directors are responsible for:
- approving the procedures for issuing orders and those authorised to sign orders.
- 4.2 The Executive Principal may authorise orders up to £50,000 providing the expenditure is within the budget heading. Orders over £50,000 must have the approval of the Resources Committee in advance. Commitments incurred through staffing appointments can be authorised by the Executive Principal, even if this is in excess of £50,000, providing it is within the agreed staffing budget.
- 4.3 The Executive Principal is responsible for:
- ensuring that the responsibilities delegated to the CFO are carried out.
 - authorising all orders before they are placed, with the only exceptions being those listed in budgetary control below.

- 4.4 The CFO is responsible for ensuring that:
- official forms are issued for all goods and services.
 - urgent orders given orally are confirmed by an official order the next working day.
 - orders are only signed by persons authorised to do so.
 - orders are placed in accordance with the procedures approved by the directors.
 - all purchases are aimed at securing maximum value for money.
 - the expenditure incurred can be met from the budget.
 - quotations and tenders are obtained as required.
 - records are maintained of any account or contract which requires payment by instalment.
 - the purchase of alcohol is prohibited under the ATH.

5. PAYMENTS

- 5.1 No payment will be made unless it has been authorised by the Executive Principal, once it has been certified that the goods or services have been received satisfactorily by those nominated to do so.
- 5.2 The Executive Principal is responsible for:
- approving those persons authorised to certify invoices for final approval by the Executive Principal.
 - ensuring that, wherever possible, the same people do not both sign orders and receive goods.
 - ensuring that the responsibilities delegated below to the CFO are carried out.
- 5.3 The CFO is responsible for ensuring that:
- different people are involved in ordering, receiving goods and certifying invoices, thus providing adequate separation of duties.
 - all bills are on proper invoices.
 - invoices are only certified by those authorised to do so.
 - all invoices have been checked and certified correctly.
 - invoices are promptly paid once approved by the Executive Principal.
 - information can be provided about invoices as requested.
 - Orders and expense claims submitted by the Executive Principal, or someone with whom the Executive Principal has disclosed a Close Personal Relationship at Work must be signed off by the CFO or Head of School.

6. BUDGETARY CONTROL

- 6.1 All expenditure must be previously identified in the Transformation Plan and the budget. The ESFA expects ATs to use their allocated funding for the full benefit of their current students. Therefore, it is important that, if an AT has a substantial surplus, they have a clear plan for how it will be used to benefit their students. Budget forecasts sent to the ESFA must declare any unspent funds expected to be carried over at the end of the financial year. The ESFA

will also verify the sums of unspent funds when it checks the AT's accounts and highlight and report to the Department for Education on any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

With the exception of three areas, no commitment to expenditure is to be made without an official order which is authorised by the Executive Principal and goes through the computer accounts. This is a very serious regulation. The only three areas of exception will be; emergency repairs, usually for health and safety reasons, necessary supply cover and daily catering orders.*

*These can only be instigated and authorised by the Site Manager, Catering Manager, Executive Principal or CFO.

6.2 All orders must go in the first instance to the CFO for vetting and then to the Finance Committee for approval. This committee meets weekly and consists of the Executive Principal, Heads of Schools and the CFO. The CFO can provide an up-to-date and accurate statement of income and expenditure on all Federation accounts in order that judgements about further expenditure can be made.

6.3 The CFO will report to the Directors' Federation Resources Committee on a monthly basis with the current statements and any decisions or recommendations, in accordance with the manual of financial procedures. The CFO will note any variances in budget from that which was primarily reported to the ESFA.

It is the CFO's role to ensure that accurate returns are prepared in time for the Executive Principal to check before they are signed and sent off to external bodies to which the Federation is accountable.

6.4 All staff responsible for budgetary control will receive a monthly statement of accounts in the agreed form. Staff will need to plan for a delay in the ordering process of up to 10 working days from the raising of the order to it being sent off. Emergency orders will not normally be considered as exceptions, apart from the three areas already identified.

6.5 Once approved, orders will be entered on the system by the Finance Director or Finance Officer before the next finance meeting, so that up-to-date accounts can be presented. No order is to be agreed or put on the system which will result in an overspend on any heading, unless virement has been agreed to keep the whole budget in balance.

6.6 Accurate information from the system is therefore crucial, especially as a large amount of expenditure will not be in the form of orders because it relates to planned and fixed costs. These areas will require careful monitoring and reports should be made to the Executive Principal and Finance Committee.

It follows that payments on any account, where necessary, cannot be provided at short notice. They can only be agreed following the weekly finance meeting and must then be properly processed. The Federation does not accept or pay cash to any party.

6.7 The CFO is a non-voting member of the Federation Resources Committee.

7. INCOME

7.1 The Executive Principal is responsible for:

- approving accounting officers who will be authorised to receive money and informing the resources committee of any changes.

7.2 The CFO is responsible for ensuring that:

- cash is counted by another member of the finance team.
- all income is collected using the appropriate record forms and procedures.
- accounting officers acknowledge having the necessary receipts.
- only official receipts are used.
- a record is kept of receipts issued and cash collected – cash delivered to the finance office should be signed for by the delivering person and the finance officer.
- cash is banked frequently.
- accounting officers record on the paying-in slip the information necessary to identify the transaction.
- money is not used to cash personal cheques.

8. SECURITY OF ASSETS

8.1 The Executive Principal is responsible for ensuring that:

- proper security is maintained at all times for all of the Federation's assets.
- the CFO maintains an up-to-date inventory of all assets in the appropriate form.
- there is an annual check of the inventory.
- a termly review of risks is reported to the Directors' Resources Committee.
- insurance covers all risks.
- the Directors consider any extra insurance cover which is necessary.
- the insurers are informed of any new risks, changes or losses.
- the Federation is registered under the Data Protection Act.
- the accounting system is regularly backed up with back-up discs stored off-site in a safe place and that a disaster recovery plan exists.
- only authorised staff have access to accounting systems.
- approving any arrangements for disposing of surplus items.

8.2 The CFO is responsible for ensuring that:

- an up-to-date inventory is maintained.
- that any property removed from the Federation is properly recorded.
- Federation safes are kept locked and the keys removed.
- the safe custody of keys to safes.
- only authorised staff have access to the accounting system.

- additional insurance cover required is arranged.

9. BANKING

- 9.1 The Executive Principal is responsible for ensuring that:
- those who will sign payment instructions are nominated.
 - Payment instructions are never signed in advance.
 - the bank account is never overdrawn.
 - the Federation does not borrow money, unless a borrowing policy is adopted by Directors, subject to the regulations of the ESFA.

10. CONTRACTS AND INSURANCE

- 10.1 The Executive Principal is responsible for ensuring that:
- The Directors are advised on the correct procedures regarding contracts.
 - Original copies of contracts are held by the CFO.
- 10.2 The CFO is responsible for ensuring full and adequate insurance cover is sourced and put into place to mitigate risk to the Federation sites, activities and personnel. Policy documents are held by the CFO, together with policy numbers. The level of cover is to be reviewed and agreed at the next available finance meeting prior to renewal.

11. LETTINGS AND LEASES

- 11.1 The Executive Principal is responsible for:
- the management and operation of Federation leases agreed between the Rutland and District Schools' Federation Trust and other parties, which note ESFA guidance.
- 11.2 The CFO is responsible to the Executive Principal for:
- promoting positive relationships with campus lessees on the Federation sites.

12. REGISTER OF INTERESTS

- 12.1 The Trust will keep a register of any relevant business and financial interests, including governance roles in other educational institutions, for members, trustees, governors and senior employees, serving any any point over the past 12 months.
- 12.2 The register must include all relevant business and financial interests including;
- directorships, partnerships and employments with businesses;
 - trusteeships and governorships at other educational institutions and charities for each interest: the name and nature of the business, the nature of the interest and the date the interest began.
- 12.3 The register must identify relevant interests from close family relationships between the academy trust's members, trustees or governors. It must also identify relevant interests arising from close family relationships between those individuals and employees.

12.4 The Federation does not obtain goods or services specifically for the private use of Directors or staff.

13. MAIL

13.1 All mail is received, opened and sorted by the office staff. Any financial transactions are passed to the Finance Director. The Assistant to the Executive Principal opens all mail addressed to the Executive Principal.

14. BANKING AND BOOKKEEPING

14.1 Reconciliations: the Finance Director will complete a full reconciliation of the bank accounts to the cash book each month, checked by the CFO. Signatories are:

- the Chair of of the Trust
- the Chair of the Resources Committee
- the Executive Principal
- the Head of Harington School
- the Head of Catmose Primary

14.2 The normal single transaction levels are detailed below and apply to:

- payments up to £5,000.00 value may be signed by a single authorised signatory.
- payments valued over £5,000.00 must be signed by two authorised signatories.
- payments valued over £50,000.00 must include an authorised Director's signature.
- BACS payment transactions in excess of £50,000 will be presented to the Directors' Resources committee for authorisation at the next available Resources Committee meeting.

14.3 Controlled stationery: in use controlled stationery is held securely by the CFO and only replaced when this is necessary. Replacement stationery is securely stored elsewhere by the office manager and issued only when necessary.

14.4 Used documentation is retained for audit.

14.5 Bank deposits: receipts to be retained for all bank deposits. Particular attention is to be given to the amount and origin of the funds. The Finance Director is to bank at regular intervals ensuring that the insurer's stated cash holding limit is not exceeded.

14.6 Charge cards: the Federation has one Visa Credit card account to process authorised orders (with seven cards). One of the credit cards is assigned to the Executive Principal, and as such all expenditure on this card must be presented at the Resources Committee for sign-off and transparency. The remaining cards are held by members of the senior leadership team and the Finance Director.

- 14.7 Orders are still processed in the way described on page 5, but where prepayment is necessary to secure the goods, the Federation card may be used. Full information is passed to the finance office for scrutiny when the monthly bank records arrive. Monthly statements are signed off by the Executive Principal.
- 14.8 Archives: accounting records, including computer records are to be securely held. All records are to be retained for six years, plus the current year.

15. ORDERS AND INVOICES

- 15.1 Goods and invoice integrity: when the goods (or service) are delivered, the normal practice is for delivery to the originator; the originator will check the goods against the order, sign that it is complete and payment will be made. The Finance Officer checks invoice integrity against the order, staples all documents together, and inputs the invoice onto the computerised account system for payment. Problems arising from invoice discrepancies are to be resolved, by the originator or the Finance Officer, without delay.
- 15.2 Payment: as with the raising of orders there will be a procedural delay of some ten working days in payment production (BACS). On the appropriate day, the Finance Officer will raise the payment instruction and pass it, together with all associated paperwork, to the first signatory. The first signatory will verify the transaction, check all documentation, and the payment instruction will then be signed. The second signatory will sign the payment instruction when it is dispatched to the payee. There are normally payment runs weekly during term-time and twice monthly outside of term-time. Payments for part deliveries may be made, at the Executive Principal's discretion, following as closely as possible the above procedure. The invoices are filed in alphabetical order.
- 15.3 Returned goods: the person responsible for raising the order is responsible for returning faulty goods and should detail the finance office staff. Any credit notes should be entered on the system and filed with the invoice concerned.

16. INCOME, PETTY CASH, AND WITHDRAWALS

- 16.1 Income
The CFO will ensure that cash is counted and receipted by an appropriate staff member and that it agrees with the documentation from the income source. Similarly all ParentPay transactions will be documented and allocated to the appropriate purchase/service. All income is held in the safe in the finance office until banked.
- 16.2 Petty Cash
The Federation does not operate a traditional petty cash system. Staff who incur incidental expenses must claim for them in retrospect on a Travel and Expenses Claim Form. The Federation does not cash personal cheques. Any cash which has been collected is not to be counted in locations open to view.

16.3 Deposits

Staff are not permitted to operate bank or building society accounts for Federation purposes.

16.4 Meals money

All monies are collected via ParentPay (cashless catering system) and allocated to student/staff ID cards.

16.5 Lettings

The Federation lettings procedure operates under the control of the CFO. Invoices are issued regularly under the direction of the CFO.

16.6 Debtors

Outstanding invoices are to be brought to the attention of the CFO at the end of the month in which they became due. Every effort must be made to recover debts. The Executive Principal will decide on whether to refer the matter to the Resources Committee.

17. PERSONNEL MATTERS - PAYMENT OF SALARIES AND ALLOWANCES

17.1 Payroll

The Federation has an in-house payroll solution. The CFO, through the Executive Principal, retains responsibility for all matters associated with payment of staff including national insurance, PAYE and regular deductions. Routine functions associated with the payroll are detailed below.

- Funds are transferred by BACS directly to the individual staff accounts, after the salary and staffing details have been approved by the CFO and the Executive Principal. The net payment is transferred on the salary payment due date.
- Separate payments are made to other agencies such as HMRC, the Teachers' Pensions Agency, the Local Government Pensions Scheme and the Additional Voluntary Contributions Agency (Prudential Assurance Company) in respect of staff payments and statutory deductions to coincide with the date upon which they become due.
- Changes to the normal payroll, including overtime, bonuses, promotions and reductions are advised in writing and signed by the Executive Principal; all are retained for audit. Matters affecting the Executive Principal are to be evidenced by the Chair of the Trust. In the case of new appointments, a copy of the appointing letter is passed to the CFO for action.
- A complete monthly payroll printout is authorised by the CFO and the Executive Principal prior to the payment date. The CFO will carry out a full check of the list and compare this with the payroll register.
- At the end of the financial year, the payroll control account is to be analysed and compared with each individual monthly record.

- Access to personnel, payroll and payment records is strictly restricted to staff members directly involved in the administration of these functions. When not in use such information is kept under lock and key.

17.2 Staff expenses

Refunds of non-taxable expenses may be made, on receipt of a properly authorised form and receipt. Self-authorisation is not permitted. Taxable expenses are invariably paid through the payroll. Travel cost refund is paid at rates determined from time to time by the Federation, not to exceed the HMRC recommended rate. Expenses should be claimed within 3 months of the date the expenses are incurred and are refunded from the appropriate budget, determined by the CFO.

17.3 Personnel

All appointments are the responsibility of the Rutland and District Schools' Federation Trust and all care must be taken to ensure the correct people are selected to work in a Federation environment.

18. STOCK BOOK, ASSETS AND LOAN OF FEDERATION EQUIPMENT

18.1 Assets

Federation property, where items are worth more than £5,000, is recorded in the inventory. Assets are single items or a group of matching items, generally worth more than £5,000 and are specifically recorded both in the asset register and in the inventory. Assets are acquired through normal purchase and payment system, although they may be subject to the tender procedure described in these practices.

Valuable and attractive items below asset value may still be recorded in the asset register and treated as assets at the Executive Principal's or CFO's discretion.

The asset register and the inventory are held on a database maintained by the Finance Officer, and checked annually by the CFO.

Assets may be disposed of, within the limits imposed by the ESFA with the authority of the Trust. The Secretary of State must be consulted if:

- the asset was purchased wholly or partly from capital grant;
- the asset was transferred to the Trust from the local authority on incorporation;
- the asset has a market value above the limit determined by the Secretary of State from time to time.

ESFA delegated limits for writing off debts or losses, including uncollected fines, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction

- cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transactions for trusts that have not submitted timely, unqualified accounts for the previous 2 financial years.
- cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years.

Assets will be written off when beyond economic repair (as determined by the depreciated value) or at the discretion of the Resources Committee. Details of writing off are to be entered in the register.

18.2 Loan of Federation equipment

Staff may borrow Federation equipment with prior permission of the Executive Principal. The following rules apply:

- the maximum period of loan is 14 days' unless an extension has been approved by the Executive Principal;
- the Executive Principal agrees with the loan;
- details of the loan are supplied to the CFO, who will register the loan, before the equipment is removed from the premises;
- returned equipment is registered. Details of the loan are not to be obscured.

18.3 Loss of equipment

Loss of equipment is notified to the Executive Principal as soon as it is suspected. They will investigate the circumstances and report to the Resources Committee.

19. TENDERING POLICY, QUOTATIONS & ESTIMATES (ASSET ACQUISITION)

19.1 The Federation has two tendering procedures for acquisition of assets or service provision or equivalent worth, the system normally used is informal and operated for goods and services at a value lower than the level determined from time to time by the Federation Resources Committee. This informal level is determined as more than £40,000, but less than £50,000; the formal system will invariably be prompted when the value will be higher than this, or additionally if the Resources Committee requires it to be implemented.

19.2 The tender policy and procedure considers the following points:

- **Probity:** the procedure is equitable and fair to the participants and precludes private gain, favouritism and corruption in contractual relationships.
- **Accountability:** the procedure is publicly accountable with regard to expenditure and conduct.
- **Value for money:** the Federation is not subject to the compulsory competitive tendering procedure. The Rutland and District Schools'

Federation Trust is, however, charged with ensuring value for money and this procedure provides for economy, efficiency and effectiveness in the use of public and non-public funds.

- 19.3 Forms of tender: only restricted and negotiated forms of tender are accepted. Open tenders are not to be offered.
- 19.4 Tendering procedure – informal: Orders over £40,000 but under £50,000. At least three written estimates shall be requested to identify the best source of goods/services. Written details of documents obtained shall be prepared and retained by budget holders for audit purposes. Telephone quotes are not acceptable. If the accepted tender is not the cheapest then the reason for the decision will be noted with the tenders. Evidence of tenders should be retained by the CFO.
- 19.5 Tendering procedure – formal: Orders over £50,000 but below the Public Contracts Regulations (PCR) procurement threshold – this is currently £213,477 inclusive of VAT.

At least three written formal quotations to be submitted in writing by a specified date and time and based on a written specification and evaluation criteria. They will be as precise as possible and the tender board will ensure that all the suppliers' bids are based on the same specifications as the original invitation to tender. The specification will, amongst appropriate influences, consider the following points: project objectives, overall requirements, technical skills required, after sales service requirements, form of contract, delivery and completion date and times.

Firms are sent identical specifications or instructions and a clear indication of the closing time and date for receipt of the completed bid. They are asked to place the tender documents in a separate envelope from any covering letter. This envelope is sealed and clearly marked as enclosing the tender. Bids are recorded and retained unopened until the specified time; they will then be opened by a pre-nominated tender committee.

The successful contractor should then be contacted to confirm continued interest and, if necessary, a pre-contract tender clarification meeting arranged. Once agreement is confirmed the unsuccessful companies should be informed. After the tender has been let, no work is to start until the formal purchase order has been issued or a contract signed.

- 19.6 Where possible, we will use a framework agreement to contact suppliers. These are arrangements that a contracting authority, such as a public sector buying organisation, makes with suppliers. The benefits of frameworks are that they have already been through a competitive framework process and they have favourable terms and conditions. In addition, the framework provider may offer advice and support.

- 19.7 Tenders and quotations where we have received only one response:
In the event that we have evidence of seeking no fewer than 5 quotes, and evidence of a declined invitation in at least 3 cases, we can proceed with a single quote.

20. RELATED PARTY TRANSACTIONS

- 20.1 We will report all contracts and other agreements with related parties to the ESFA in advance of the contract or agreement commencing.

Related parties include persons and entities with control or significant influence over the Federation, and members of the same group (for example, parent and subsidiary companies, key management personnel and close family members). This description is not comprehensive.

- 20.2 The Trust will obtain the ESFA's prior approval for contracts and other agreements for the supply of goods or services to the Trust by a related party where any of the following limits arise:

- A contract or agreement over £40,000
 - A contract or agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August.
- This approval requirement does not apply in the following circumstances:
 - contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
 - colleges, universities and schools which are sponsors of the academy trust
 - state funded schools and colleges, including academies.

This concession does not apply to transactions with a subsidiary of such a related party.

21. SECURITY

- 21.1 Computer: Data stored on the Federation's computers is highly confidential, both in respect of any personnel data and the Federation's finances. No individual should have free access to all levels of the Federation's financial data and perform the completion role in the financial chain.
- 21.2 The HR Manager maintains all personnel records, which are stored in locked filing cabinets.
- 21.3 The site manager and senior leadership team (SLT) are the normal key holders to the main Federation. The Data Manager attends to the input and maintenance of the student data, which is recorded using SIMS.

- 21.4 Access to financial systems: the Executive Principal, CFO and finance team have user access to the finance package. The Responsible Officer does not have right access to the system; full audit trails to verify this are available.
- 21.5 All data is backed up automatically each night by copying selected files from each machine. In addition, the Finance Director will back up financial files manually at timely intervals, e.g. prior to the month end procedure.
- 21.6 All corridors and offices are protected by a burglar alarm system. A list of key holders is kept in the secure server room. The Federation and campus buildings are fully alarmed.

22. INTERNAL CONTROLS

- 22.1 The scope of internal controls is wide, extending beyond financial issues, and includes those designed to ensure that:
- the organisation's policies are put into practice.
 - the organisation's values are met.
 - laws and regulations are complied with.
 - required procedures are adhered to.
 - financial statements and other published information are accurate and reliable.
 - human, financial and other resources are managed efficiently and effectively.
 - social concerns are met, including environmental and community concerns.
- 22.2 The Academy Board of Directors should ensure that an appropriate organisation structure exists to ensure that:
- work is organised to maximise efficiency in the use of resources, eliminate duplication of effort, achieve objectives and plans and maintain a disciplined controlled environment.
 - adequate resources are deployed at all levels to meet objectives and plans.
 - appropriate communication takes place throughout the organisation.
 - a framework for staff development exists which fosters commitment to the organisation, its objectives and plans.
 - clear lines of authority exist.
- 22.3 Roles and responsibilities should be defined to ensure that there is an appropriate segregation of duties, to ensure that:
- areas of activity involving risk are separated; for example, the person responsible for authorising a payment should not be the person inputting the data.
 - unintentional errors have a higher chance of being detected; for example, by an independent check.
 - the risk of intentional errors or abuse and the opportunity for collusion are reduced.
 - every area of work is either supervised, validated or reconciled.

- 22.4 Appropriate physical safeguards should be established to:
- limit access to assets, systems and records.
 - protect personnel.
 - establish clear control in the use of assets and custodial responsibility for them.
 - enable records to be reconstituted in the event of system failure.
- 22.5 The Academy's agreed authorisation and approval procedures should ensure:
- management policies and plans are adhered to.
 - integrity of systems through the validation of data.
- 22.6 The agreed accounting procedures should be operated to ensure:
- statutory and other professional requirements are observed to maintain proper books of accounts, including compliance with required accounting standards.
 - balances and reconciliations are carried out to ensure transactions are correctly recorded and processed.
- 22.7 The Federation will have systems of robust internal scrutiny:
- A Responsible Officer (which can be a function carried out by an appropriate Trustee, or outsourced to an external body) will perform three inspection audits per financial year.
 - In addition, an internal scrutiny panel will carry out an assessment to evaluate the compliance of financial controls, and ensure that any and all risks are being identified, reported and managed. The panel should take account of any recommendations made following the annual audit as described in the Management Letter.

23. PCI COMPLIANCE

- 23.1 The Federation is registered as PCI compliant (Payment Card Industry) which means we have a duty to protect all customers' payment details. Failure to do so could result in a minimum fine of £10,000. Therefore no payment card details can be stored electronically. The finance team will keep the paper merchant copy of all transactions as the only copy, kept in a secure area and destroyed after seven years.

24. INVESTMENT POLICY

Please refer to the separate Federation Investment Policy.

25. FRAUD POLICY AND PROCEDURES

- 25.1 The Academy 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 Academy business. This document sets out the Academy'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 Academy'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.

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

The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), a nominated trustee with responsibility for internal audit, an independent Responsible Officer function with an ongoing responsibility to review and report on these systems.

25.3 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.

Any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in an academy's financial year, must be notified to the ESFA using the online enquiry form.

26. PERSONAL CONDUCT

26.1 The Academy 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 Academy's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all officers, members of staff, students and constituent parts of the Academy. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the Academy must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that officers and employees of the Academy must at all times conduct financial affairs in an ethical manner.
- All members of staff and lay members of Academy committees 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 they have a personal interest must disclose this to the CFO.
- Officers or employees of the Academy shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests.

- Team leaders and 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 Academy property.

27. FRAUD RESPONSE

27.1 The Fraud Response Plan sets out the Academy's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed up, are considered in a consistent and fair manner, and that prompt and effective action is taken to:

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

27.2 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 Academy.
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

27.3 The main elements of the Academy's plan are as follows:

1. All officers, members of staff, students and constituent parts of the Academy are required to notify immediately the CFO of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial and accounting procedures, assets or other property of the Academy.
2. The CFO 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 Executive Principal as the Accounting Officer.
3. The Executive Principal will have the initial responsibility for coordinating the Academy's response. In doing this, they will consult with the HR advisors regarding potential employment issues. The Executive Principal

will also seek expert legal advice from the Academy's solicitors on both employment and litigation issues before taking any further action.

4. The Executive Principal is required to notify the Board of Trustees of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, *inter alia*, keeping the Responsible Officer and Chair of the Trust 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 Board of Trustees will inform the ESFA as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

28. GIFTS

- 28.1 Acceptance of any modest gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise a member of staff's personal judgement or integrity, must not exceed the value or perceived value of £50. Such acceptance will be disclosed at the earliest opportunity, and in any event within six weeks, to the Finance Director who will note such acceptance on a Gift Register.

The Executive Principal has discretion to award a gift to colleagues:

- gifts of up to £50 per person for extraordinary contribution/performance.
- gifts for leavers, subject to an appropriate cap of £10 per year of service, no more than £500.
- team meal (excluding alcohol) to recognise exceptional results.

The Trust's funds must not be used to purchase alcohol.

Taken together, under Personal Conduct and Gifts, these represent a statement of the framework within which officers and employees are expected to conduct themselves. If a member, trustee or staff member does not feel that it would be appropriate for them to decline a gift or offer of hospitality, they should refer the matter to the CFO or Executive Principal, who will decline the offer on their behalf, or donate the offer to a worthy cause, and must also record the offer.

Failure to declare any gifts or hospitality offered on the gifts and hospitality register, in line with this policy, will be dealt with as a disciplinary matter.

29. AUDIT

An Accounting Officer's statement on governance, regularity, propriety and compliance must be included in the AT's annual report. This is a formal declaration by the AT's Accounting Officer that they have met their personal responsibilities to Parliament for the resources under their control during the year. It includes a responsibility to ensure that public money is spent for the purposes intended by Parliament (regularity).

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

Statutory Audit – The Board of Trustees must appoint statutory auditors to certify that the annual accounts are ‘true and fair’.

30. INTERNAL AUDIT

30.1 Authority

The Resources Committee incorporates the role of the Audit Committee. This body provides assurance to the board over the suitability of, and compliance with, financial system and operation controls, and ensures that risks are being adequately identified and managed.

30.2 Role

The role of the Resources Committee in fulfilling the Internal Audit function is to maintain an oversight of the Academy Trust’s (ATs) governance, risk management, internal control and value for money (vfm) framework. To aid the Resources Committee fulfil the role of Audit, an independent challenge is achieved by the appointment of a Responsible Officer to do visits to spot check areas of financial management of their choosing. A written account of the visit, the subject and finding is made by the RO to the Resources Committee. The Resources Committee will receive a report three times per year. They will report their findings to the Board and the Accounting Officer.

They will advise the Board and Accounting Officer on the adequacy and effectiveness of the AT’s governance, risk management, internal control and value for money systems and frameworks.

They will review the external auditor’s appointment.

30.3 Director Expenses Policy

- In accordance with the Academy Trust Handbook, Directors may claim for all reasonable out-of-pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings or in carrying out their duties as directors of the Academy.
- Directors are not entitled to receive remuneration for their work as directors and may not claim for actual or potential loss of income or be paid attendance allowances.
- Any exceptions to this policy need to be justified to and approved by the resources committee before any reimbursable costs are incurred and reimbursements made.

31. ENTITLEMENTS

All trustees will be entitled to claim the actual costs they incur for the following:

- The cost of mileage travel relating only to travel to meetings/training courses payable in accordance with Federation rates.
- For public transport, actual costs incurred. Where more than one class of fare is available, the rate shall be limited to standard class fares.
- Subsistence, if additional expenses are incurred because work as a trustee requires taking meals (i.e. breakfast, lunch or dinner) away from the Academy. Reimbursement will be made for reasonable items bought on the day of the claim.
- Reasonable childcare or babysitting allowances (excluding payments to a current/former spouse or partner).
- Any other justifiable expenses with prior approval of the Resources Committee.

32. TRANSPARENCY

- 32.1 The total value of claims paid per year to trustees will be declared in a note to the Academy Financial Statements at the end of each financial year.

Claims will be subject to independent audit and may be investigated if they appear excessive or inconsistent.