Financial Procedures, Administration and Control Policy

2022-23

LINKS TO OTHER TRUST POLICIES: Charging & Remissions. Procurement Policy, Investment Policy

DATE: May 2023

POSTHOLDER RESPONSIBLE: Director of Finance & Operations (DFO)

TRUSTEES/GOVERNORS COMMITTEE: Finance, Operations & Audit (FOA)

AUDIENCE: All members of the Trust community

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Contents

Part One - The Quantock Education Trust

Introduction

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

Each school within the Quantock Education Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the School Funding Agreement and the Academy Trust Handbook 2022. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the Policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the DFO, who will duly notify the CEO (CEO), (as Accounting Officer) and the Chair of the QET Finance, Operations and Audit Committee.

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

All staff are aware of the School Trust's whistleblowing policy (see Appendix H) and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the ESFA (see Appendix G).

The Finance, Operations & Audit committee will be responsible for reviewing all controls and procedures of financial systems operating within the trust. A self- assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the DFO, Headteachers, Finance, Operations & Audit committee, and the individual Local Governance Committees (LGC).

1. Organisation

The Quantock Education Trust (QET) is a Multi School Trust. The trust is a company limited by guarantee with charitable status and all academies within the Quantock Education Trust are governed by one trust (the members) and a board of trustees. In this document the term trustees and directors have been used interchangeably. These are the same body of people as each other. The trustees/directors have a different status to the members of a school trust.

The Members of the Company are defined in the memorandum and articles of the QET.

The trustees must establish separate committees to be known as LGC for each School and will ensure that, where possible, each LGC shall include at least two (2) elected representatives of the parents of pupils attending the relevant School.

2. Roles and Responsibilities

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

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

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

The Trust has defined the responsibilities of key committees and staff involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff. The Committees that have responsibilities relating to the School finances are as follows:

- Trust Board
- Finance, Operations and Audit Committee
- Pay & Recruitment Committee

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the trust's finances.

2.1 Role of the CEO

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

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

The essence of the role is a personal responsibility for:

- Regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the Academies Financial Handbook, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;
- Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;
- Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the school trust but for taxpayers more generally.

The trust's accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

In practice, much of the financial and operational responsibility is delegated to DFO by the CEO.

2.2 Role of the DFO

The DFO, works in close collaboration with the CEO through whom they are responsible to the members. The DFO also has direct access to the trustees and governors. The main responsibilities of the DFO are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Trust's central budget and individual academies;

- management of the Schools' financial positions at a strategic and operational level within the framework for financial control determined by the members and directors;
- preparation of budget plans in conjunction with the CEO and Headteachers;
- the maintenance of effective systems of internal control;
- maintenance of adequate fixed asset registers;
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly management accounts, including income and expenditure reports and a cash flow forecast;
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance;
- undertaking internal risk reviews for each school in the trust, focusing upon the systems of internal control at each school;
- developing and managing a central support service for the trust;
- overseeing all HR matters including staff contracts, safeguarding and clearance checks, single central record, staff salaries, expenses, maternity and sickness procedures and the maintenance of confidential staff records;
- overseeing and liaising with all Headteachers in the Trust re. staff vacancies and staff recruitment;
- development and implementation of the QET strategy and projects, including supporting the growth of the Trust, project managing trust expansion, centralising the finance function, establishing priorities for developing the premises and facilities within the trust, develop a trust capital development plan, co-ordinating capital project and other projects as required;
- governance (training/development/understanding of roles) and compliance (including data and information on websites);
- additional roles, some of which are not directly finance related, as outlined in the DFO's job description.

2.3 The role of Finance Officers/Managers and Budget Holders

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

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

3. Delegated Authority to the Trust

The delegated authority over various categories of financial transactions is set out below from the ESFA:

- Liabilities and write-offs
- School Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000 as follows:
- 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any school trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements;
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any school trusts that have submitted timely, unqualified financial returns for the previous two financial years.

The trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. The trust should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

The amounts for write-offs are before any successful claims from an insurer.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Severance Payments

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

- that trustees consider the proposed payment to be in the interests of the trust;
- whether such a payment is justified, based on a legal assessment of the chances of the trustees successfully defending the case at an employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of defences are likely to be high. Where a legal assessment suggests the Trust is likely to be unsuccessful, a settlement should not be agreed;
- if the settlement is justified, the trustees would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

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

Where the trust is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 (gross, before income tax or other deductions) or more, prior approval will need to be sought from the ESFA, before any such payment can be made. ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered.

The following examples illustrate where ESFA approval would be required:

- statutory/contractual payment of £30,000 + non-statutory/non-contractual payment £30,000 = ESFA approval not required;
- statutory/contractual payment of £60,000 + non-statutory/non-contractual payment £60,000 = ESFA approval not required;
- statutory/contractual payment of £30,000 + non-statutory/non-contractual payment enhancement of £50,000 = ESFA approval required for the £50k enhancement only;

Asset sales, leases and tenancy agreements

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). The QET if in any doubt as to whether any lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

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

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

The QET may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without ESFA approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require ESFA approval. Leases should be disclosed in trusts’ annual accounts in accordance with the Academies Accounts Direction.

If a school trust does wish to enter into a lease that requires ESFA consent, then the trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety, and value for money, whether the approval of the ESFA is required.

4. Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. All members, trustees, governors and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspections and should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust and trusteeships and governorships at other educational institutions and charities. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, trustee, governor or a member of staff by that person. Relationships with connected parties will require exacting standards of accountability and transparency.

All relevant business and pecuniary interests of members, trustees, local governors of academies within the QET and senior employees must be published on the trust's websites.

The existence of a register of business interests does not, of course, detract from the duties of members, trustees, governors, and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, members, directors, governors, and staff should withdraw from that part of any committee or other meeting.

5. Process for independent checking

Every school trust must have in place a process for independent checking of financial controls, systems, transactions, and risks.

An Audit Committee (function fulfilled by the Finance, Operation & Audit committee) for the trust will undertake the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

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

- the work of an internal audit service (either in-house or bought-in);
- the performance of a supplementary programme of work by the Trusts external auditors;
- completing the work through an external review through a LA service level agreement.

The main duties of the review are to provide the Governing Body with independent assurance that:

- financial responsibilities of the Governing Body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained;
- financial considerations are fully considered in reaching decisions.

Reviews will be undertaken by an agreed programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the members. A report of the findings will be presented to the QET Finance, Operations & Audit Committee.

5.1 Investigation of Fraud and Irregularity

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members and trustees are also responsible for preventing such losses of public funds, and this means that members, trustees and governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy in Appendix 3 outlines the procedures to be adopted in such an event.

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

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

5.2 Appointment of External Auditors

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one-year period renewable at the discretion of the trust.

The auditors are required to give an opinion on whether:

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

The trust should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit and Risk Committee.

6. ACCESS Accounting system

The trust is registered annually under the 1988 Data Protection Act. The registration will require a single data Controller to be named and the named Data Controller in the QET will be the Accounting Officer.

All the financial transactions of the trust must be recorded on the Access accounting system operated by the Trust Finance Department and in each school as they join the Trust.

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

6.1 System Access

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

All leavers with previous access to ACCESS Accounting must have their access permissions formally removed.

6.2 Back-up procedures

The DFO is responsible for ensuring that there are effective back up procedures for the system. The ACCESS accounting system is operated through the ACCESS CLOUD service. Included with the ACCESS CLOUD service are the following benefits:

- Double layer authentication to control initial access to the ACCESS CLOUD and then to a dedicated service, ensuring only authorised users can access data;
- A dedicated server environment with **NO** use of shared databases;
- Daily backups to a secure secondary location.

Each school within the Trust should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by trustees of the major risks to which the trust is exposed and the systems that have been put in place to mitigate those risks.

6.3 Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in ACCESS Accounting. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the Business Manager/DFO

Detailed information on the operation of the ACCESS accounting system can be found in the user manuals.

6.4 Transaction Reports

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

- monthly payroll reports;
- monthly bank statement reconciliations;
- monthly procurement card statements;
- monthly VAT returns;
- monthly aged debtor and creditor reports;
- management accounts summarising expenditure and income against budget at budget holder level.

6.5 Reconciliations

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

- payroll;
- bank balance per the nominal ledger to the bank statement;
- VAT;
- trial balance.

Finance Officers/Assistants/Office Managers at any trust school are responsible for ensuring the following reconciliations are performed each month for the trust, and that any reconciling or balancing amounts are cleared:

- Direct credit account and local expenditure account reconciliations;
- procurement card statements;
- individual salary payments.

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

7. Financial Planning

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

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

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

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

7.1 The Trust Improvement Plan (TIP)

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

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

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

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

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

The completed TIP will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIP) will outline objectives for the following two years as well. The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

7.2 Annual Budgets

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

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- review of other income sources available to the individual academies within the trust to assess likely level of receipts;
- review of past individual performance against budgets to promote an understanding of the trust cost base;
- identification of potential efficiency savings;
- review of the main expenditure headings considering the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes;
- liaising with external agencies including major suppliers to ensure that the trust's best financial interests are met.

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

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

If a potential surplus is identified at an individual school within the trust, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students that the school serves.

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

The DFO, in conjunction with the CEO, is responsible for preparing and obtaining approval for the trust's annual budget, which aggregates the budgets of each school in the trust. The budget must be approved by the board of trustees.

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

Budgets should be seen as a working document which may need revising throughout the year as circumstances change. Formal changes will be undertaken in January and March annually.

7.3 Monitoring and Review

Budget monitoring reports are available in the ACCESS Accounting system in which actual variances are highlighted against budget allocations. Monthly reports should be prepared by each school in the trust. The reports will detail actual income and expenditure against budget for the period of reporting, the year to date and a forecast of projected year end balances.

The DFO will produce and provide a monthly aggregated report for the Chair of the QET Finance, Operations and Audit Committee (FO&A)

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

Each school should submit monitoring reports to the governors on a monthly basis, and, after approval from this body, the reports should be reported to the school's LGC. Copies should also be provided to the Trust FO&A Committee.

8. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration;
- payments.

8.1 Staff Appointments

Local Governance Committees (LGC) will approve a personnel establishment for each school in the trust and the Headteacher at each school must ensure that adequate budgetary provision exists for any establishment changes.

Trustees have the authority to appoint the Headteacher at each school. For any Church of England Academies joining the Trust, Trustees can only do so with the agreement of the Diocesan Director of Education.

The appointment of a CEO and DFO (Chief Finance Officer) must be approved by the trustees.

The Trust is in the process of moving to centralised personnel files for all members of staff which include signed contracts of employment. Personnel files for new appointments will be maintained by the Trust HR Team. It is anticipated that existing files will, in due course, move to the central database. The CEO is responsible for ensuring that the trust's pay policy is implemented.

The CEO is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and the Trust HR Function will be responsible for maintaining accurate records of all staff employed in a single central record.

Personnel information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the MIS computer systems, for which relevant registration under the 1998 Data Protection Act is held.

8.2 Payroll Administration

The trust's payroll is administered by Somerset County Council payroll bureau (Edupay) through a service level agreement.

8.3 Payroll Payments

Amendments to payroll data, e.g. appointments, resignations and variations to contract must be authorised by the DFO or in the absence of this post holder the Headteacher at each school within the QET. The QET HR team is responsible for ensuring staff contracts of employment are received by the Somerset County Council (SCC) payroll bureau of employment and a copy of the contract signed by the employee should be held securely in the employee's staff file.

All supply teacher, casual working and overtime claims must be checked and confirmed by the authorised officer in each school and must be forwarded promptly to the relevant school's finance office. Finance staff within the trust will be responsible for inputting their school's claims via EduPay. Primary School claims must then be sent to the Trust Finance Team within published deadlines for authorisation and submission to EduPay bureau for processing and payment. Secondary Schools retain records of all claims within the finance records.

The DFO will then arrange a check of a sample of contract changes as part of the internal independent checking procedures to ensure that the payroll system is operating correctly.

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

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

The QET Trust Finance Manager will obtain a monthly simulation payroll report from EduPay for checking.

A reconciliation of each individual payment is made against the latest staffing budget. Any variations should be investigated and queries raised immediately with EduPay within the sign-off timetable issued.

The QET Trust Finance Manager will obtain the monthly live payroll report from EduPay.

At the end of each period each school must undertake a further reconciliation of each individual payment against the latest staffing budget. The completed reconciliation should be signed by both the Finance Manager to confirm that all necessary checks have been undertaken.

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

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

Careful attention should be paid to repetitive payments to individuals.

Business expenses claims may be processed and paid directly by BACS by the school unless it relates to a benefits in kind payment. Valid receipts must be held and retained in support of any reimbursements. Mileage claims must be processed via the trust's payroll provider. Valid receipts to support the mileage claimed should be obtained. The school may determine their own rates of reimbursement for mileage claims but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. The QET therefore maintains its rate of reimbursement for mileage claims at or below the current HMRC Approved Rates.

9. Procurement

(To be read in conjunction with the Trust Procurement Policy)

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

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school

- **Accountability:** the school is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the school are dealt with on a fair and equitable basis.

9.1 Routine Purchasing

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their LGC. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder no later than 15 working days after the month end and budget holders are encouraged to keep their own records of orders placed but not paid for.

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

- Orders should not be entered into verbally and unless a Purchasing Card has been used, all orders submitted electronically refer the QET supplier terms & conditions of the order on the website and protects the trust against terms and conditions imposed by suppliers in the absence of quoted terms & conditions.
- The use of 'Official Orders' through the ACCESS accounting system automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- In exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be emailed or sent electronically to suppliers, to reduce timelines.
- Orders should only be approved in accordance with the authorised limits within the authorisation limits listed in Appendix A of this document.
- Orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials, and services net of VAT.
- **Orders under £5,000** – can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
    - supplier chosen from the list of suppliers and listed on ACCESS;
    - bulk purchasing of common consumables;
    - negotiating discounts;
    - taking advantage of sale seasons;
    - obtaining alternative quotations wherever possible.

- **Orders over £5,000 but less than £50,000** – where practically possible, at least three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and emailed confirmation of quotes has been received, before a purchase decision is made.

- **Orders over £50,000**– all goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to the tendering policy, details of which can be found in the QET Procurement Policy.

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

All invoices should be sent to the school's finance office to be checked against the purchase order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

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

Invoices will be authorised for payment by the relevant cost centre holder and then passed to the school's finance office for recording and payment through ACCESS Accounting.

9.2 Business Charge Cards/Credit Cards

Each cardholder is personally responsible for the safe custody of their card. The card should be always held securely and any loss of cards should be reported immediately. Both the cardholder and the cost centre manager are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Officer and reviewed and signed off by the Headteacher.

Monthly statements will be received by the QET Finance Manager.

All procurement card expenses incurred by the CEO should be authorised by the Chair of Trustees.

All procurement card expenses incurred by Headteachers should be authorised by their Chair of the LGC.

The DFO will check a sample of monthly reconciliations as part of the internal independent checking procedures to ensure that the business charge card system is operating correctly.

Business Charge Card Policy

From time to time the school may be offered the opportunity to purchase goods or arrange for services for the school from companies that shall not invoice but only accept a direct payment. Typically, this will apply to online purchases. To make use of these offers and purchasing methods the Trust holds Business Charge Cards for use by each of its schools.

It is the responsibility of each budget holder to ensure that there is budgetary provision for purchases from each budget and it is the responsibility of the school Operations Manager/Finance Manager to ensure that there is sufficient balance available in the bank to cover such expenditure.

The primary method of purchasing will always be via ordering and invoicing and this method should always be used in preference to card purchasing where this method is offered by a supplier.

- The Governing Body may authorise any of the following to be a cardholder:
    - The Headteacher;
    - A Deputy Headteacher;
    - The School Operations Manager;
    - The School Office Manager
    - Sexey's Estates Lead
    - Trust Executive Assistant

- The Business Charge Card will be issued by the school's bank (currently Lloyds).
- In the event of the loss of the PIN number the bank will provide a new PIN to the cardholder only.
- Should the card be lost or stolen the loss shall be reported immediately to the Central Finance Manager, the Headteacher, the Police (in the event of theft) and the issuing bank.
- Should fraud or misuse be suspected the bank should be informed immediately so that appropriate action can be taken.
- The Business Charge Card shall, under no circumstances, be lent for use by another party.
- The PIN number shall, under no circumstances, be divulged to another party.
- The Business Charge Card has an overall limit of £40,000:

    - CEO - £5,000
    - Headteacher – £1,000 x2
    - DFO – £7,000
    - Office Managers Primary Schools - £500
    - Executive PA - £500
    - Finance Manager - £5,000

- Operations Manager – Haygrove - £5,000
- Site Manager - £3,000

- The Business Charge Card balance shall be settled each month by direct debit. Any other method could be construed as borrowing by the Secretary of State for Education and this is strictly forbidden without his/her written permission.
- The Business Charge Card transaction should be entered into the relevant School or centre accounting system as soon as possible to ensure completeness of the School accounts and ready to be reconciled when the bank statement is downloaded at the end of each month.
- Authorisation:
  - All receipts shall be authorised by the budget holder
  - Receipts for purchases on the DFO's Business Charge Card shall be checked by the Trust Finance Manager

- The cards shall not be used for personal expenditure under any circumstances.
- Cash withdrawals are not permitted.
- All cardholders shall sign to accept that they have personal responsibility for transactions on "their" card which are not conducted with the approval of the school and in accordance with this policy (see Appendix 1).
- All cardholders shall authorise the school to recover the cost of any unauthorised transactions not conducted in accordance with this policy.
- In such circumstances, where reimbursement is not received voluntarily, the school reserves the right to make a salary deduction of the unauthorised amount.
- All cardholders shall be made aware of the procedure to follow in the event of the card being lost, stolen, or going missing (see Appendix 1).
- All cardholders shall be made aware of the procedure to follow in the event of the PIN number becoming known to another party (see Appendix 1).
- Procedure for use:
  - A VAT receipt (if applicable) must be obtained for all Business Charge Card purchases.
  - The cardholder must present a valid receipt for all Business Charge Card to the Finance Officer on at least a monthly basis.
  - All orders must be delivered to the school address.
  - A blue requisition order signed by the budget holder and the School Business Manger must be provided for purchases.
- Separation of duties:
  - If non-Card holding staff require goods via the internet they must provide a requisition order, signed by the budget holder and the School Business Manager, to the Finance Officer.

- The transaction is recorded on the school accounting system by the Finance assistant.
- On receipt of the Business Charge Card statement the Trust Finance Manager shall reconcile the receipts with the statements and shall reconcile the Business Charge Card statement against the bank account.
- The school Operations Manager/Finance Manager shall verify and sign the monthly bank reconciliation statements.

10. Other matters

Services provided by sponsors and sponsor-related bodies (if applicable)

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

Irregular or improper transactions

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

Managing surplus General Annual Grant (GAG)

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

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

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

Pooling of GAG by Multi-School Trusts

The trustees have the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the multi-school trust in accordance with the guidelines that govern the use of GAG funding.

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

Each school will contribute 5.5% of General Annual Grant (GAG) funding from 1 September 2022.

Financial Deviance

The QET protocol is for all schools to have the maximum level of autonomy in all aspects of its functioning. However, the trustees recognise that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of the QET as a whole. Therefore, these are the areas that need to be addressed immediately in terms of effective monitoring and evaluation of each school in order that accurate assessment of each school's position in relation to these two areas is made, identification of any issues to be addressed is timely and accurate, and plans for remedial action are structured and likely to be successful.

Different academies will be more or less successful in managing their financial systems and procedures as well as in reacting to adversity caused by sudden changes and/or unexpected difficulties. It is the role of the DFO and the QET Finance, Operations and Audit Committee to identify what is happening, whether there are remediable issues or not, and what would most effectively improve upon them. Reductions in autonomy will be situation dependent and decided based on the financial deviance protocol by DFO and the QET Finance, Operations and Audit Committee.

The Scheme of Delegation (available on the Trust's website) identifies levels of autonomy and the kind of identification and notifications that are needed. All reductions in autonomy will be detailed for the Head and LGC having its autonomy restricted along with detailed recommendations for actions necessary to facilitate improvement and to move the school back to a higher level of autonomy. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of autonomy would be affected.

Part Two – LGC & Academies

Introduction

This section outlines the respective responsibilities of each LGC, Headteacher and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the school and covers the following:

- Haygrove School
- Spaxton Primary School
- Stogursey Primary School
- Sexey's School

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

11. Summary of Responsibilities

- The management of the school is, through its Instruments of Government, the responsibility of its LGC. The LGC delegates day to day responsibility for carrying out the policies and decisions of the LGC to the Headteacher.
- LLGC.
- Management and administration duties undertaken by the Headteacher and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment.
- It is the responsibility of the LGC to set/recommend to the full governing body an annual budget for the school for submission to the trustees which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governance Committee. Such approval should be clearly minuted by the LGC in sufficient time to allow prompt submission of the plan to the Education Skills and Funding Agency (ESFA) and the trustees.
- The Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the -LGC. The Headteacher will advise the LGC on all areas of the school budget.
- The LGC will, in each year consider the recommendation of the Headteacher and will set an Annual Budget. Acting with advice and knowledge acquired from the Headteacher or staff and the LGC will ensure that adequate long-term budgeting is undertaken in order that the long-term performance of the school may be maintained.

11.1 The Role of the Local Governance Committee (LGC)

The role of the LGC in school financial administration is:

- to review the committee's remit and membership on an annual basis;
- to plan the overall school budget, including priorities for future expenditure;
- to approve the Annual Budget;
- to submit the approved budget plan to the Chief Financial Officer;
- to maintain a register of pecuniary interests for governors and staff;
- to monitor the effectiveness of internal financial controls and procedures.

11.2 The Role of the LGC in relation to Finance

In order to assist in the fulfilment of the LGC's responsibilities, the following will need to be considered within LGC meetings. Best practice will be to convene meetings at least once a term to:

- determine the school's annual budget, including staffing;
- plan the school budget in accordance with the priorities in the School Improvement Plan;
- consider reports from the Headteacher comparing expenditure with budget and to approve virements as necessary;
- operate the Trust's arrangements for obtaining quotations and inviting tenders;
- submit to the trustees any proposed write-offs and disposals of surplus stock and equipment;
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities;
- determine matters relating to school security;
- determine the limits of authority which they delegate to the Headteacher and approve expenditure recommended by the Headteacher above those limits;
- consider the findings and recommendations of Responsible Officer Audit reports and findings identified by the DFO
- the Chair shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read.

11.3 The Role of the Headteacher

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

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors and submission of these plans to the LGC for approval;
- managing internal control systems and internal financial transactions in accordance with the QET's Financial Administration & Control Policy;
- maintaining adequate financial records in accordance with Academy Trust Handbook:

1. Budget Plan Entry Form Current Year + 3 preceding years
2. Staff Salary Calculations Current Year + 3 preceding years
3. School Management Plan Current Year + 3 preceding years
4. General Allowance Allocations Current Year + 3 preceding years
5. Virements within Budget Share Current Year + 3 preceding years
6. Orders, Quotes and Tenders Current Year + 6 preceding years
7. Copy Invoices/Credit Notes Current Year + 6 preceding years
8. Copy Payment Schedules Current Year + 6 preceding years
9. Delivery Notes Current Year + 6 preceding years
10. Bank Reconciliation Records Current Year + 6 preceding years
11. Education Sales Database Statements Current Year + 2 preceding years
12. Bank Statements Current Year + 6 preceding years
13. Bank Paying In Slips Current Year + 6 preceding years
14. Travel Claims Current Year + 6 preceding years
15. Income/Lettings Receipts Current Year + 6 preceding years
16. Copy Sundry Debtor Accounts Current Year + 6 preceding years
17. Authorised signatories list – orders Current List
18. Register of Pecuniary Interests Current List
19. Inventory Records Current Year + 6 preceding years
20. Salary and Wage Returns Indefinitely
21. School Registers Indefinitely

- setting limits of expenditure for members of staff authorised to place orders;
- providing a monthly budget monitoring report to governors. This should report any variations in expenditure against the approved budget plan;
- monitoring the school cash flow;
- ensuring that returns to the ESFA are submitted according to published deadlines;
- providing access to accounting and other relevant records to Audit, including school fund(s), and implementing auditor recommendations where necessary;
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year;
- recommending to governors' equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised. Ensuring that stolen items are reported to the Finance, Operations and Infrastructure Committee before formal approval to delete that item from the inventory/asset register;
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature;

- ensuring that adequate controls are in place to ensure that all responsibilities delegated are monitored;
- maintaining a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.

11.4 The Role of the Finance Team

Subject to accordance with individual job descriptions the Headteacher may delegate financial procedures to the finance team. The finance team's roles may include:

- inputting all contracts changes e.g. starters, leavers and amendments to contracts onto EduPay;
- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries;
- providing budget monitoring/outturn monthly reports for the Headteacher to present to LGCs and submission to DFO;
- submitting pay returns to payroll as appropriate;
- ensuring that invoice checking procedures are followed;
- ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and the Academy Trust Handbook;
- prompt and intact banking of income and associated recording of income in accordance the Academy Trust Handbook;
- to prepare cash flow statements so as to ensure the school has sufficient cash to meet its needs and submit these to the FO&A committee;
- administering the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academy Trust Handbook;
- assisting in the maintenance of an accurate inventory and associated security procedures;
- assist in the preparation of the three-year budget plan and the financial returns to the ESFA.

11.5 The Role of the Staff

The role of staff in school financial administration is:

- to familiarise themselves with this Policy;
- to conduct all financial transactions relating to the school in accordance with this Control Policy;
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff;

- to actively seek ‘best value’ on all work, goods, materials or services procured on behalf of the school;
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing.

12. Limits of Delegation

The following limits will be applied to the academies in the trust and are further detailed in Appendix B.

12.1 Virements with Budget Share

The Headteacher is authorised to vary the annual budget prepared by the FO&A Committee and approved by the LGC. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a ‘Virement within Budget Share’ shall not exceed £5,000 in the primary schools and £25,000 in the secondary school. A ‘Virement within Budget Share’ of more than £5,000 or £25,000, as appropriate, should be recommended to the FO&A Committee by the Headteacher and actioned after minuted approval of the ‘Virement within Budget Share’ by the FO&A Committee.

12.2 Orders

The sum of up to £25,000 is the amount authorised by the Headteacher on any single order in the primary schools.

The amount authorised for the Finance Officer in the secondary school is £10,000. The sum of between £10,001 and £25,000 on any single order is the amount authorised by the Headteacher in the secondary school.

Any single order over £25,000 is authorised by DFO. For transactions over £25,000 at the primary schools, approval is also required from LGC. For transactions over £50,000 at the secondary school, approval is also required from the LGC.

The Headteachers, the Finance Officer in the secondary school and the DFO will, however, comply with financial regulations, as detailed in section 14 – Procurement of Goods and Services (see below).

12.3 Invoices

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

12.4 Severance payments

As listed in the Scheme of Delegation, Dismissal Compensation, staff severance, redundancy payments from £25k to £50k are approved by the FOA committee, following recommendation from the CEO and DFO. The Headteacher is required to consult with the DFO and CEO regarding the need for such payments and approval sought in writing before such payments are proposed.

Payment above £50k must be approved by the ESFA. Such recommendations would be discussed and approved by the FOA committee prior to seeking permission from ESFA. Payments of this nature would be under exceptional circumstances.

13. Monitoring the Budget

The Trust must prepare management accounts every month setting out the financial performance and position.

Management Accounts should be reliable and relevant to users; the characteristics of good quality financial information are:

- **Produced promptly.** Management Accounts should be carried out in line with the Academies Financial Handbook. Accounts must be shared with the Chair of Trustees every month and with the other Trustees six times a year
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on ACCESS Accounting. There should be a monthly reconciliation of the bank account to ACCESS Accounting. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete.** To provide governors with a "true and fair" view of the school's financial position the reports must include committed expenditure.
- **Format.** The format of the Management Accounts must include income and expenditure account, variation to budget report, cash flows and balance sheet.
- **Understandable.** Reports need to be understandable to the intended recipient; in particular, financial reports to governors should be jargon free.
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual ESFA funding statement and in the annual accounts.
- **Include explanatory notes**. Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report.
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year.
- **Financial performance.** The Trust must unlock key financial performance indicators and measure its performance against them regularly.

14. Procurement of Goods & Services

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the LGC and Trust Board. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

14.1 Purchase Orders

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

- Orders should not be entered into verbally and unless a Business Chargecard has been used, orders should always include the school's terms and conditions of the order and protects the school against terms and conditions imposed by suppliers in the absence of quoted terms and conditions.
- All orders for goods and services must be confirmed using an official requisition, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.
- Individually numbered purchase orders will be produced from the ACCESS Accounting system and will be approved by the nominated ACCESS Accounting approvers before dispatch to suppliers.
- The use of purchase orders through ACCESS automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- In exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be emailed to suppliers, to reduce timelines. In such circumstances, care should be taken to ensure that the supplier receives the school's terms and conditions.
- Orders may only be used for goods and services provided to the school, private individuals and other organisations may not use purchase orders or non–order invoices transactions to obtain work, goods, materials or services net of VAT.
- **Orders under £5,000** – can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:

    - supplier chosen from the list of suppliers maintained by the Finance Office and listed on ACCESS;
    - bulk purchasing of common consumables;

  - negotiating discounts;
  - taking advantage of sale seasons;
  - obtaining alternative quotations wherever possible.

- **Orders over £5,000 but less than £50,000** – where practically possible, at least three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained with the purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced, and emailedconfirmation of quotes has been received, before a purchase decision is made. If the budget holder decides to opt for a quote other than the lowest, the reasons for such a decision should be clearly documented and reported to the Finance and Resources Committee.
- **Orders over £50,000** – will be subject to a tendering policy, details of which can be found in the QET Procurement Policy.

14.2 Invoice Processing

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

- All invoices should be sent to the Finance Office to be checked against the ACCESS numbered order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

  - invoice arithmetically correct;
  - goods/services received;
  - goods/services as ordered;
  - prices correct;
  - Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.

- Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Officer will keep a central record of all goods returned to suppliers.
- The Headteacher will authorise the invoice for payment in the ACCESS Accounting system.

- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register.

14.3 Creating New Suppliers

All requests for new vendors must be made using the ‘New Supplier Request’ form and sent from a valid school email address to the QET Central Finance Team. The request must be accompanied by the vendor’s bank details on the vendor’s invoice. If this is not available, then confirmation must be received on the vendor’s headed paper and signed on behalf of the vendor.

All changes to supplier information (particularly bank account details) must then be verified by contacting the supplier with contact details obtained from an independent source or calling a known person of authority at the supplier.

14.4 Checking of Supplier Statements

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

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

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

15. Reconciliation processes

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school’s account(s) are valid and verify that they are the responsibility of the school. The Headteacher is responsible for ensuring that controls are in place for these checks to be carried out. The /Headteacher will delegate this role to the school’s finance officer.

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

- **Payroll** – The Trust Finance Manager and DFO will obtain a monthly simulation payroll report from SCC Payroll Bureau from their secure portal, EduPay.

  The DFO and Trust Finance Manager, in the case of secondary schools, must undertake a reconciliation of each individual payment against the latest staffing budget. Any variations should be investigated and queries raised immediately with SCC Payroll Bureau within the sign-off timetable issued by the company.

  The Finance Manager at each secondary school will obtain the monthly live payroll report from SCC Payroll Bureau from their secure portal. (Primary Schools payroll XXX is undertaken by the QET Central Finance team)

The DFO must undertake a further reconciliation of each individual payment against the latest staffing budget. The completed reconciliation should be signed by both the Finance Manager and the /Headteacher to confirm that all necessary checks have been undertaken.

- **QET bank balance per the nominal ledger to the QET bank statement** – the Trust Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that the bank account is reconciled to the QET's cash book, reconciliations are prepared by the Trust Finance Manager, reconciliations are subject to an independent monthly review carried out by the QET's DFO and all adjustments arising are dealt with promptly.

- **Direct credit bank balance per the nominal ledger to the bank statement** – the Trust Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that the bank account is reconciled to the school's cash book, reconciliations are prepared by the Trust Finance Manager, reconciliations are subject to an independent monthly review and signed off by the DFO and all adjustments arising are dealt with promptly.

- **Procurement cards (if used)** – monthly statements will be received. All receipts must be produced and reconciled monthly to the monthly statement by the Trust Finance Manager and reviewed and signed off by the DFO.

- VAT – monthly reconciliation of VAT and submission of VAT 126 claims are carried out by the Trust Finance Manager on or as near to the 1st working day of each month.

- Trial balance.

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

16. Petty Cash accounts

A petty cash account will operate at Haygrove School for a maximum cash balance of £500 and £1500 in respect of Sexey's School. The cash is administered by the Finance Managers with reimbursements made from the respective Finance Offices on production of supporting vouchers and receipts.

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

In the interests of security, petty cash payments will be limited to £50. However, Sexey's School, as a boarding school, will have a greater need to access cash in order to support weekend and other boarding activities. Higher value payments should be made by bank transfer or occasionally cheque directly from the main bank account as a purchase order.

Personal cheques must not be encashed from petty cash funds.

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

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

The DFO should review and countersign the petty cash reconciliations.

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

17. Travel and Expenses

Please refer to the Trust's separate Travel and Expenses Policy.

18. Security, Inventories, Stocks and Disposal of Assets

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

18.1 Security

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the DFO immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, LGC and DFO.

Steps must be taken by the Headteacher to ensure that there are effective back up procedures for all computer systems. All back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the school IT support provider.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The Headteacher and the LGC shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

Items of lost property of value including jewellery are held by the school finance office and details published to students. After one term items are disposed if they are not claimed. School clothing is held securely for one term in the school garage and is managed by the Site Staff.

18.2 Inventories

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

The asset register should include the following information:

- asset description;
- asset number;
- serial number;
- date of acquisition;
- asset cost;
- source of funding (% of original cost funded from DfE grant and % funded from other sources);
- expected useful economic life;
- depreciation;
- current book value;
- location;
- name of member of staff responsible for the asset.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;

- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the School's financial system;
- support insurance claims in the event of fire, theft, vandalism or other disasters.

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

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

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

The QET has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight-line percentages:

- Freehold land and buildings (FLB): 2% (50 yrs)
- Furniture, plant machinery and equipment (FE): 10% (10 yrs)
- Computer equipment and software (ICT): 33.3% (3 yrs)
- Motor vehicles (VEH): 20% (5yrs)
- Premises improvement/refurbishment: 5% (20yrs)

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

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

18.3 Acquisitions and Disposal of Assets

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

- acquiring a freehold on land or buildings;
- disposing of a freehold on land or buildings;
- disposing of heritage assets as defended in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

The trust may dispose of any other fixed assets (i.e. other than land, buildings and heritage assets as described above) without the ESFA's prior approval, subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

Some property transactions may be novel or contentious and so require the consent of the ESFA on that basis. Novel payments or other transactions are those in 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 the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

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

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

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

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

18.4 Loan of Equipment

Items of School property must not be removed from trust premises without the authority of the Headteacher or School Business Manager. A record of the loan must be recorded and the asset booked back in when it is returned. Please use the IT Loan of Equipment pro forma help by the IT Manager. For any other equipment please complete the pro forma on the F drive –Loan of Equipment and ensure this is signed by the SBM or Headteacher.

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

19. Insurance Arrangements

The LGC will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The Governing Body will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

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

All contractors must have public liability insurance before they are allowed to undertake work on the School's premises.

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

20. Receiving income

The main sources of income for the trust are the grants from the Education Skills and Funding Agency (ESFA). The receipt of these sums is monitored directly by DFO who is responsible for ensuring that all grants due to each School are collected.

Schools also obtain income from:

- student teachers from universities and other institutions;
- hiring of premises and facilities;
- students, mainly for trips;
- grants.

Charges can also be made to students to defray the costs of certain activities (see section 19. Charging Policy). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the trust's charging policy.

Premises hire charges are determined by the Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Headteacher, DFO or the Premises Manager.

Bookings for lettings are made through the Premises Manager at Haygrove School and the Finance Officer. The QET Finance Manager produces a list of hirers for invoices to be prepared and sent.

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

All monies must be banked, in their entirety, in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Headteacher of schools and the DFO of the trust in the case of Haygrove School.

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

Schools may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of 6,000 per transaction.

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

No debts should be written off without the express approval of DFO. A list of debts written off should be provided to the Finance, Operations and Infrastructure Committee each year.

21. Miscellaneous issues

The QET must complete a register of interests that captures relevant business and pecuniary interests of Members, Trustees, LGCs and senior employees.

Trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party online form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

Trusts must obtain ESFA's prior approval, using ESFA's related party online 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

For the purposes of reporting to, and approval by, ESFA contracts and agreements with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll

21.1 Register of Pecuniary (or Business) Interests

The LGC shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Headteacher or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Headteacher shall keep the Register up to date as new Governors or staff join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- the name of the relevant member of staff;
- the company or organisation the member of staff has an interest in;
- what the interest is.

Those Governors or staff not holding any pecuniary interests must submit a nil return.

The Trust's register of interests must capture relevant business and pecuniary interests of Members, Trustees, local governors and senior employees 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

The register must identify relevant material interests from close family relationships between the school trust's Members, Trustees, or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. Close family relationships are defined below.

Trusts should consider whether other interests should be registered. Boards of Trustees should keep their register of interests up-to-date at all times.

Trusts must publish on their websites relevant business and pecuniary interests of Members, Trustees, Local governors and Accounting Officers. Trust have discretion over the publication of interest of other individuals named on the register. The Charity Commission offers guidance in 'Manage a conflict of interest in your charity' and 'CC29: Conflicts of interest: a guide for charity trustees'.

At cost requirements

A Trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include contracts of employment)

- Members of Trustees of the school trust

- Individuals or organisations related to a member or trustee of the school trust. For these purposes the following persons are related to a Member or Trustee:
    - A relative of the Member or Trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to child, parent, spouse or civil partner
    - An individual or organisation carrying on business in partnership with the Member, Trustee or a relative of the Member of Trustee
    - A company in which a member or the relative of a member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more that 20% of the voting power at any vernal meeting of that company
    - An organisation controlled by a Member or relative of a Member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- Any individual or organisation given the right under the Trust's Articles of Association to appoint a Member or Trustee of the school trust or anybody connected to such individual or organisation.

21.2 Approval of novel, contentious and/or repercussive related party transactions

Trusts must obtain ESFA's prior approval for any contract and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value. Approval must be sought using ESFA's enquiry form, not through the related party online form. The QET should carefully consider the impact of this requirement and its relevance to the transactions involving the board chair and/or the accounting officer.

21.3 Gifts

All gifts to the school either in kind or in money should be recorded.

21.4 Expenses paid to Governors

Expenses may be paid to Members/Trustees/Governors in accordance with DfES/ESFA guidance.

21.5 Audit

Schools will be subject to Responsible Officer audit checks as per the Academies Financial Handbook. Also, the school will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House.

Appendix A - School Business Charge Card [“the Card”] Card Holder Consent Form

I consent to be a Card holder on the following Business Charge Card account held by << School >>[“the School”]

Business Charge Card Issuer - ____

Card Number ____

I confirm that I have read the << School >> Business Charge Card Policy [“the Policy”] and that I will abide by its terms and conditions.

In particular, I acknowledge and agree that:

1. I will use the Card only to purchase goods/services on behalf of the School and will not use the account for any personal expenditure.
2. I will only purchase goods/services in accordance with the Policy.
3. I will take care of the Card whilst in my possession to avoid its loss or theft.
4. I will not disclose the PIN number to any other person
5. I will only use the Card security number for online purchases where a security number is requested and only on a secure website.
6. I will not use the Card to withdraw cash.
7. I understand that immediately, on discovery of the loss or theft of the Card, I will notify:
    a. The issuing bank
    b. The School Finance Manager or Headteacher
    c. The police (in the event of theft only)
8. I understand that I am liable for all charges on the account which relate to transactions that have not been conducted in accordance with this Policy.
9. I accept that I must reimburse the School promptly should I cause the account to incur any unauthorised charges and, in the absence of prompt reimbursement, I authorise the School to recover all such unauthorised amounts by deduction from any amounts otherwise owing to me by the School, including, but not limited to, salary and expenses.
10. I agree that when not required for purchase, I will return the Card the Finance Manager for safekeeping in the School safe.
11. I agree that if I cease to be employed by the School I will return the Card to the School Finance Manager immediately.

Agreed by:

Name: ____

Date: ____

Signature: ____

Authorised by:

The Headteacher or Chair of Governing Body: ______________________________

Date: ____

Signature:

Appendix B – Authorisation Limits

Expenditure Limits

DFO/Business Manager	£25,001 and above
Headteachers	£25,000

Business Charge Card Limits

Headteacher (x 2 cards)	£1,000
CEO	£5,000
DFO	£7,000
Business Manager (Haygrove School)	£5,000
Finance Manager – Sexey's School	£5,000
Premises Manager – Sexey's School	£3,000
Office Manager – Primary Schools (x 2 cards)	£500
Executive PA	£500
Floating balance to be allocated by DFO on need based	£11,500
Overall Total	£40,000

Virement Limits

Headteacher (Haygrove School)	£25,000

Ordering Process*

Three Quotes (where practical)*	£5,000
Tendering (See Procurement Policy)	£50,000
Capitalisation Limit	£5,000

*use of framework agreements which satisfy best value tendering or quotations will not apply.

Appendix C - Tendering Policy

Please see separate Procurement Policy for details of QET's Tendering Policy.

Appendix D - Fraud Policy and Procedures

Introduction

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

To achieve these objectives, the trust has taken the following steps:

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

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

Personal Conduct

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

- These regulations are binding on all Members/Trustees/Governors, members of staff, students, and constituent parts of the trust. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the trust must demonstrate that it is adopting exacting standards of financial probity. Implicit within this regime is the requirement that trustees, governors and employees of the trust must always conduct financial affairs in an ethical manner.
- All members of staff, members, trustees, and governors of the trust are responsible for disclosing any personal, financial, or beneficial interest in any transaction with respect to the school or its related companies, minority interest companies and trading areas.

- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Headteacher or DFO.
- Trustees, governors, or employees of the trust shall never use their office or employment for personal gain and must always act in good faith regarding the trust's interests.
- Heads of Department/Budget Holders are expected to always adhere to the Financial Regulations and to use their best efforts to prevent misuse or misappropriation of funds and other trust property.

Systems of Internal Control

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

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

The trust has also established an Audit Committee and an independent Peer Review Officer function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

Fraud Response

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

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;

- demonstrate that the school retains control of its affairs in a crisis; and
- makes a clear statement to employees and others that it is not a soft target for attempted fraud.

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

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

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

1. All trustees, governors, members of staff, students and constituent parts of the trust are required to notify immediately the Headteacher and/or DFO of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the trust. The Headteacher and/or DFO should bring this to the attention of the CEO immediately.
2. The Headteacher/DFO will ascertain whether the suspicions aroused have substance. They will if appropriate, conduct a preliminary investigation to gather 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 LGC Chair, the Chair of Trustees and the Chair of the Finance, Operations & Audit Committee.
3. The Headteacher will have the initial responsibility for coordinating the individual School's response. In doing this they will consult with the School's Human Resources Advisor regarding potential employment issues. The Headteacher will also seek expert legal advice from the School's Legal Advisor on both employment and litigation issues before taking any further action
4. The Headteacher is required to notify DFO and Local Governing Body of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Responsible Officer, the CEO, the Chair of Governors, and the Chair of Trustees 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 Governing Body will inform the DfE as required by the Funding Agreement and will consider whether to refer the matter to the Police.

Appendix E - Best Value Statement for Local Governing Committees

Introduction

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

What is Best Value

Governors will apply the four principals of best value:

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

The Governors' Approach

The Governors and school managers will apply the principles of best value when making decisions about:

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

The Governors and the school managers will:

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

This will apply to:

- **Staffing** – governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

- **Use of premises** – governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources.
- **Use of resources** – governors and school mangers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning.
- **Quality of teaching** – governors and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the latest teaching and learning standards, and the needs of the pupils and teaching which builds on previous learning and has expectations of children's achievement.
- **Quality of learning** – governors and school managers will review the quality of children's learning by setting of pupil achievement targets.
- **Purchasing** – governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.
- **Pupils' welfare** – governors and school managers will review the quality of the school environment and the school ethos, to provide a supportive environment conducive to learning and recreation.
- **Health and safety** – governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, to provide a safe working environment for pupils, staff and visitors.

These areas will be monitored for best value by:

1. Departmental reviews by the Headteacher & Senior Leadership Team;
2. Termly target setting meetings between Headteacher, Senior Leadership Team and head of departments;
3. Annual performance management;
4. Annual budget planning;
5. Headteacher's reports including financial review;
6. Feedback from responsible officer and audit report;
7. Analysis of school pupil performance data;
8. Analysis of LA/DfE financial data;
9. Analysis of DfE pupil performance data;
10. Key issues for action identified by OFSTED;
11. Governors termly committee meetings;
12. Governor's annual staff salary review.

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

Appendix F - Financial Reserves Policy

Introduction

The trustees and LGCs need to consider the level of reserves the school should hold. Levels of reserves which are too high tie up money which should be spent on current school activities. Levels of reserves which are too low may put the future activities of the school and trust at risk. The need for trustees to consider and report on their trust's level of reserves within school accounts is required by the ESFA (Education Skills Funding Agency) as the policy underpins the ability of a trust to invest in the pupils of today and tomorrow.'

The reserves policy:

- assists in strategic planning by considering how new projects or activities will be funded;
- assists in meeting the short-term cash flow needs, whilst also managing the longer –term cyclical needs of planning, and any capital investment that may be required
- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects;
- informs the budget and risk management process by identifying any uncertainty in future income streams.

During the financial year

The governors identify:

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

Development of the school's reserves policy

In developing the reserves policy the following was considered:

- the risk of unforeseen emergency or other unexpected need for funds;
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence;
- a fall in a source of income, such as lettings;
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project;

- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received.

The financial risks identified determine the amount of reserves the school targets to hold.

In-year reports to the trustees and the Local Governing Committees

In-year reports:

- compare the amount of reserves held with the target amount or target range set for reserves;
- explain any shortfall or excess in reserves against target set;
- explain any action being taken or planned to bring reserves into line with target.

Annual financial statements

The reserves disclosed in the trust report will include the following information:

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

Reserves for the financial year 2022/23

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

For the 2022/23 academic year, schools will maintain operational and strategic reserves:

> **Operational reserves** are designed to enable individual Schools to manage fluctuations in their normal operating income and expenditure. Utilisation of these reserves will be at the discretion of the school. The operational reserve should always be positive and generally more than 1% and less than 3% of current year GAG income. For 22/23, our recommendation is that it is 2%.
>
> Where a School's operating reserve is forecast to fall outside of these parameters, the DFO will work with the School develop a plan to bring the reserve into line over an agreed time period. Positive reserves remaining at the financial year-end are carried forward to the following year and can be considered in the budget setting process.
>
> **Strategic reserves** are maintained to manage the wider financial risk profile of the Trust and to allow for larger planned expenditure which would fall outside of the parameters of a School's operational budget. Schools are expected to maintain strategic reserves as

a % of current year GAG income. For 22-23, this is set at 2%. It is noted that schools may not be able to achieve this target range – challenges such as increasing pupil numbers in a lagged funding system, or extended periods of staff absence may mean that the school has to focus on maintaining its operational reserve only. However, if strategic reserve levels do fall below threshold in an academic year, it would be expected that the budgeting process for the following year would include a contribution towards increasing the reserve going forward.

The strategic reserve is a pooled resource, designed to respond to need, but also to opportunities, and aligned with the Trust's Strategic Plan. Utilisation of strategic reserves will be decided upon by the Trust Executive team, subject to approval by the Board of Trustees. Schools will be required to apply for approval to access strategic reserves. The criteria and process for accessing funds will be determined and then published to schools and subject to regular review.

Monitoring and evaluation of the policy

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

Reviewing

The DFO and directors will carry out a review of this policy on an annual basis to ensure that any new or changed legislation is adhered to.

Appendix G - Fixed Asset Policy

Introduction

The purpose of this policy is:

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

Definitions

Accumulated Depreciation

The total accumulated amount charged to the income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the balance sheet will be reduced over the useful life of the asset.

Capitalisation

The addition to the balance sheet of an amount in respect of an asset which has come into the possession of the school, whether through purchase or donation or gift in kind.

Carrying amount/net book value

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

Depreciation

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

Fixed Assets

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

Fixed Asset Register

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

Grant

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

Recoverable Amount

The cash proceeds when as asset is disposed.

Categories of Fixed Assets

This list describes the categories of fixed assets most used by Schools. It is not exhaustive and other categories may be added but only with the approval of the Principal Finance Officer.

Freehold and Long Leasehold Buildings

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

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

Fixtures and Fittings

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

Plant and Equipment

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

Computer Equipment and Software

Cost of the computer hardware used throughout the school along with 'significant' software.

Criteria for Capitalisation of Assets

Expenditure Eligible for Capitalisation

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and exceeds £5,000, should be identified and flagged as a fixed asset. The asset should be recognised on the school balance sheet.

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

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

Expenditure Not Eligible for Capitalisation

- Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current assets include cash and bank balances which are controlled through reconciliation to the school's financial management accounting system on a regular basis.
- Individual items costing less than £5,000, unless purchased in bulk as part of a capital project.
- Costs of staff training as part of normal business activities.
- Administration and general overheads for running day to day activities.
- Planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants.
- Cost of abortive work.
- Post implementation support and maintenance costs related to software installation.

Accounting Treatment (valuation in balance sheet)

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

Costs must be allocated against individual fixed assets.

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

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

Fixed assets purchased with grant money must be clearly identified in the fixed asset register.

Revaluation of Fixed Assets

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

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

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

Depreciation

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

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

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

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

- Leasehold buildings: 4%
- Freehold land and buildings: 2%
- Furniture and equipment: 20%
- Computer equipment and software: 33.3%
- Motor vehicles: 20%

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

Depreciation ceases to be charged when the asset is disposed.

Disposal of Fixed Assets

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

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

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

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

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

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

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

A List of assets disposed will be presented to the finance committee on an annual basis

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

Custodial Review

The fixed asset register must be formally checked to the assets held at least once a year by DFO.

Appendix H - Raising Concerns at Work/Whistleblowing Policy

1. Aims

This policy aims to:

- Encourage individuals affected to report suspected wrongdoing as soon as possible in the knowledge that their concerns will be taken seriously and investigated and that their confidentiality will be respected
- Let all staff in the trust know how to raise concerns about potential wrongdoing in or by the trust
- Set clear procedures for how the trust will respond to such concerns
- Let all staff know the protection available to them if they raise a whistle-blowing concern
- Assure staff that they will not be victimised for raising a legitimate concern through the steps set out in the policy even if they turn out to be mistaken (though vexatious or malicious concerns may be considered a disciplinary issue)

This policy does not form part of any employee's contract of employment and may be amended at any time. The policy applies to all employees or other workers who provide services to the trust in any capacity including self-employed consultants or contractors who provide services on a personal basis and agency workers.

2. Legislation

The requirement to have clear whistle-blowing procedures is in the Academy Trust Handbook.

This policy was written in line with the above document and government guidance on whistle-blowing. We also consider the Public Interest Disclosure Act 1998.

This policy complies with our funding agreement and articles of association.

3. Definition of whistle-blowing

Whistle-blowing covers concerns made that report wrongdoing that is "in the public interest". Examples of whistle-blowing include (but aren't limited to):

- Criminal offences, such as fraud or corruption
- Pupils' or staffs' health and safety being put in danger
- Failure to comply with a legal obligation or statutory requirement
- Breaches of financial management procedures

- Attempts to cover up the above, or any other wrongdoing in the public interest
- Damage to the environment, including willful damage to school property or the school site.

A whistle-blower is a person who raises a genuine concern relating to the above.

Not all concerns about the trust, or individual schools in the trust, count as whistle-blowing. For example, personal staff grievances such as bullying or harassment do not usually count as whistle-blowing. If something affects a staff member as an individual, or relates to an individual employment contract, this is likely a grievance.

When staff have a concern, they should consider whether it would be better to follow our staff grievance or complaints procedures.

Protect (formerly Public Concern at Work) has:

- Further guidance on the difference between a whistle-blowing concern and a grievance that staff may find useful if unsure
- A free and confidential advice line

4. Procedure for staff to raise a whistle-blowing concern

4.1 When to raise a concern

Staff should consider the examples in section 3 when deciding whether their concern is of a whistle-blowing nature. Consider whether the incident(s) was illegal, breached statutory or trust procedures, put people in danger or was an attempt to cover any such activity up.

4.2 Who to report to

School-based staff should report their concern to the Headteacher. If the concern is about the Headteacher, or it is believed they may be involved in the wrongdoing in some way, the staff member should report their concern to CEO.

Central team staff should report their concern to the CEO. If the concern is about the CEO, or it is believed they may be involved in the wrongdoing in some way, the central team staff should report the concern to the Chair of Trustees.

4.3 How to raise the concern

Concerns should be made in writing wherever possible. They should include names of those committing wrongdoing, dates, places and as much evidence and context as possible. Staff raising a concern should also include details of any personal interest in the matter.

5. Trust procedure for responding to a whistle-blowing concern

5.1 Investigating the concern

When a concern is received by the Headteacher - referred to from here as the 'recipient' - they will:

- Meet with the person raising the concern within a reasonable time. The person raising the concern may be joined by a trade union or professional association representative
- Get as much detail as possible about the concern at this meeting, and record the information. If it becomes apparent the concern is not of a whistle-blowing nature, the recipient should handle the concern in line with the appropriate policy/procedure
- Reiterate, at this meeting, that they are protected from unfair treatment or risk of dismissal due to raising the concern. If the concern is found to be malicious or vexatious, disciplinary action may be taken (see section 6 of this policy)
- Establish whether there is sufficient cause for concern to warrant further investigation. If there is:
    - The recipient should then arrange a further investigation into the matter, involving another senior leader or member of the HR team as appropriate. In some cases, they may need to bring in an external, independent body to investigate. In others, they may need to report the matter to the police
    - The person who raised the concern should be informed of how the matter is being investigated and an estimated timeframe for when they will be informed of the next steps

5.2 Outcome of the investigation

Once the investigation – whether this was just the initial investigation of the concern, or whether further investigation was needed – is complete, the investigating person(s) will prepare a report detailing the findings and confirming whether any wrongdoing has occurred. The report will include any recommendations and details on how the matter can be rectified and whether a referral is required to an external organisation, such as the local authority or police.

They will inform the person who raised the concern of the outcome of the investigation, though certain details may need to be restricted due to confidentiality.

Beyond the immediate actions, the CEO, trustees, and other staff if necessary, will review the relevant policies and procedures to prevent future occurrences of the same wrongdoing.

Whilst we cannot always guarantee the outcome sought, we will try to deal with concerns fairly and in an appropriate way.

6. Malicious or vexatious allegations

Staff are encouraged to raise concerns when they believe there to potentially be an issue. If an allegation is made in good faith, but the investigation finds no wrongdoing, there will be no disciplinary action against the member of staff who raised the concern.

If, however, an allegation is shown to be deliberately invented or malicious, the trust will consider whether any disciplinary action is appropriate against the person making the allegation.

7. Escalating concerns beyond the trust

The trust encourages staff to raise their concerns internally, in line with section 4 of this policy, but recognises that staff may feel the need to report concerns to an external body. A list of prescribed bodies to whom staff can raise concerns with is included here.

The Protect advice line, linked to in section 3 of this policy, can also help staff when deciding whether to raise the concern to an external party.

8. Approval

This policy will be reviewed every two years.

These procedures have been agreed by the board of trustees, who will approve it whenever reviewed.

9. Links with other policies

This policy links with our policies on:

- Staff grievance policy
- Complaints procedure
- Child protection policy

Appendix I - Investment Policy

Please see separate Policy for details of QET's Investment Policy.