

The Auriga Academy Trust

FINANCE POLICY

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Contents

1. Introduction
2. Organisational Structure Control
3. Risk Management
4. Business Continuity
5. Review and Feedback of Financial Control
6. Segregation of Duties
7. Budgetary Controls
8. Expenditure Outside of Approved Budget
9. Purchase to Payment for the Supply of Goods and Services
 - 9.1 Purchasing Policy
 - 9.2 Value for Money and the Tender and Quotation Procedure
 - 9.3 Authorisation of Expenditure
 - 9.4 Non Order Invoices
 - 9.5 Payment Authorisation
 - 9.6 Purchasing Card
 - 9.7 Petty Cash
 - 9.8 Expenses
 - 9.9 Staff Related Expenditure
 - 9.10 Inter School Expenses
10. Write Off policy
11. Cash Flow Management
12. Additional Balance Sheet Controls and Reconciliation
13. Asset Management
14. Use of Reserves
15. Accounting Policies for Statutory Accounts Purposes
 - 15.1 Basis of Preparation
 - 15.2 Going Concern
 - 15.3 Incoming Resources
 - 15.4 Grants Receivable
 - 15.5 Sponsorship Income
 - 15.6 Donations
 - 15.7 Other Income
 - 15.8 Donated Services and Gifts in Kind

- 15.9 Transfer of Property upon Conversion
- 15.10 Resources Expended
- 15.11 Costs of Generating Funds
- 15.12 Charitable Activities
- 15.13 Governance Costs
- 15.14 Tangible Fixed Assets
- 15.15 Leased Assets
- 15.16 Investments
- 15.17 Stock
- 15.18 Taxation
- 15.19 Pensions Benefits
- 15.20 Fund Accounting
- 15.21 Reserves

16. Fraud

17. Related Party Transactions

Appendix A – System Defined Roles

Appendix B – Budgetary Cycle

Appendix C – Academy Expenditure

- within Approved Budget Expenditure Type
- outside Approved Budget Expenditure Type
- Special Payments

Appendix D – Procurement Matrix

Appendix E – Write off Thresholds

Appendix F – Write off Authorisation Form

Appendix G – Use of Reserves - Permission to Spend Form

1. Introduction

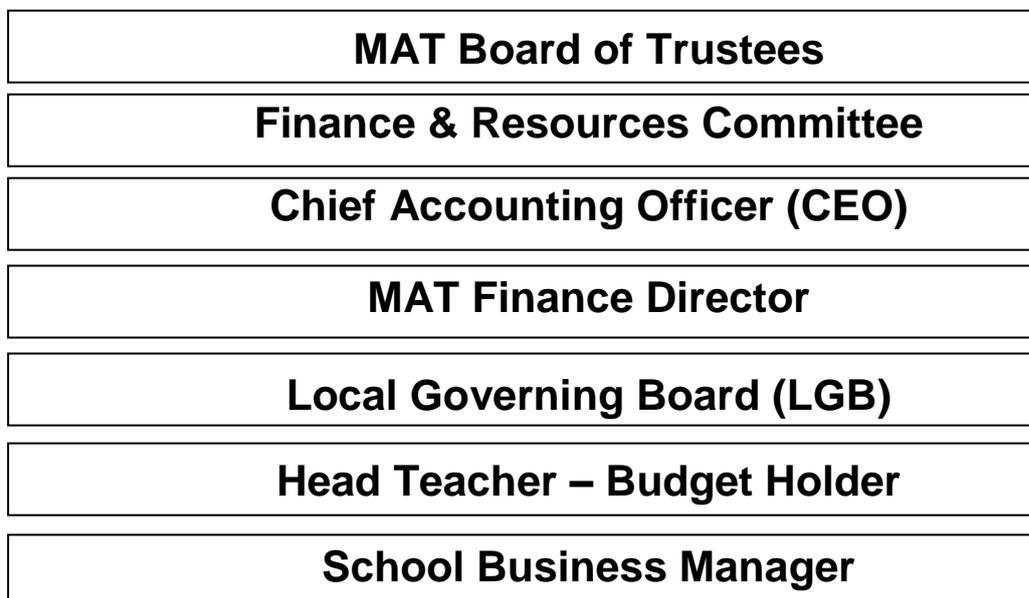
This Finance Policy applies to all Schools within The Auriga Academy Trust. The policy has been approved by the Board of Trustees (having been reviewed by the Finance & Resource Committee) and will be reviewed annually by the Finance Committee of each Local Governing Body (LGB) to report back to the Trustees Finance & Resource Committee that it is still relevant and up to date. The future review will be recorded in the Minutes of the Finance Committee and the Board of Trustees meetings.

This policy is supported by the following documents:

- a) DfE Financial Handbook
- b) The Auriga Academy Trust - Scheme of Delegation
- c) PS Financials User Guides

The Trusts Financial control is primarily driven by the DfE Financial Handbook as well as accounting in line with UK GAAP and charities SORP.

2. Organisational Control Structure



3. Risk Management

The Trust has a Risk Management Strategy which aims to:

1. Identify and evaluate risks which could prevent the school/Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult.
2. Assess the likelihood of such risks occurring and the potential impact of such occurrences with particular reference to the areas of finance, reputation and planning/operations.
3. Enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.

This will be reported and managed using risk registers. There will be a two tiered approach to the maintaining of risk registers within the MAT both at school and at a central wider organisational level.

Level 1

Each school LGB will hold their own school specific risk register. This will be maintained or overseen by the School Business Manager.

A termly review will take place at the LGB level to review this register and ensure it is up to date, following review and input from LGB sub-committees, and that relevant measures are in place to mitigate the risks.

These will be submitted to the MAT Finance Director following each termly review by the LGB.

Level 2

A MAT wide risk register will be held, this will not include the school specific risks unless they will have a direct impact on the ongoing operations of the MAT.

An example would be risks around school role which may impact the financial viability of the continuing operations of the school; this would appear both on the school and the MAT risk registers.

4. Business Continuity

A MODEL business continuity plan is in place at Trust level. Individual schools are expected to review, adopt and adapt the policy to reflect their specific circumstances.

5. Review and Feedback of Financial Control

The MAT has two mechanisms of reviewing and feeding back findings on financial control to the Trustees.

Firstly, this will be via the External Audit process which takes place during the Autumn Term. This process is to validate that the statutory accounts present a true and fair view of the Trust's financial position for the previous academic year.

Secondly, through an internal control review by the Audit & Effectiveness Committee. The review will take the form of a number of internal control checks to ensure that the financial activity is happening in line with agreed policies and procedures. It is at the discretion of the Audit & Effectiveness Committee as to whether this is delegated to an external body.

An annual program will be agreed and implemented over the Academic year by the Audit Committee; there will also be the opportunity to flex this if key areas of concern are raised, with the possible use of an external party to carry out more detailed activity for the committee.

Reports giving the findings will be reported back to the Trustees via the MAT Audit & Effectiveness Committee.

6. Segregation of Duties

Key to the control within the MAT is to ensure that the systems and processes are set up in such a way to ensure that any single transaction that ultimately leads to payment requires at least two people to enable it to be actioned.

This is primarily controlled through system profiles and segregation of duties. With a basic principal of an administrator role inputting the transaction and a budget holder role authorising the transaction for payment.

The segregation is primarily controlled through system defined roles (see appendix A), with an Administrator and Budget Holder role at each location. The central support team have additional

access to the school based roles, primarily around master data, payments and bank reconciliations; this introduces an additional layer of control within the process.

Two members of the central support team require universal access to the system, to ensure the ability to continue to operate and cover key staff absences; this universal access only applies to PSF and the Dataplan Payroll system and does not extend to the ability to make any payments in isolation.

7. Budgetary Controls

Three year income & expenditure budgets are compiled for each school on an annual basis (see Appendix B); this includes individual school budgets as well as the MAT central budget (to cover central support costs) and a consolidated MAT budget.

School Budgets are to be prepared in the first instance by the Head Teacher in each school, supported by their School Business Manager. These will be subject to review and approval by the Schools LGB (via the Finance Committee).

Central Support budgets will be prepared by the MAT Finance Director in accordance with the strategic vision of the Trust. The Finance & Resource Committee is responsible for monitoring these costs against budget. Given the nature of special schools income a 'top slice' approach is not considered appropriate and hence estimated central costs will be allocated to each school during the budget process with a true up process being undertaken at year end. The basis of the allocation of central costs will be agreed with all Head Teachers prior to the allocation being made. Any disputes will be directed to the Trust Audit & Effectiveness Committee who will determine a fair outcome.

All budgets will be reviewed in the first instance by the MAT Finance Director and the Chief Accounting Officer.

These budgets will then be submitted to the MAT Finance & Resources Committee in the first instance followed by review and approval by the MAT Board of Trustees.

8. Expenditure Outside of Approved Budget

Budget Holders are only approved to authorise expenditure within agreed budgets in line with the Scheme of Delegation and the Academy Expenditure Matrix (see Appendix C). For any expenditure outside of this LGB approval will be sought along with MAT Trustee approval.

There are instances where the Budget holder can spend outside of the agreed budget and not require LGB or MAT Trustee approval (see Appendix C).

The finance system prevents expenditure over budget by blocking on posting.

Budgetary control is supplemented by

- a) The School Finance Officer reviewing expenditure before submitting purchase orders and non order invoices for authorisation
- b) Monthly review of the Management Accounts to identify overspends YTD and what the projection is for year end.

9. Purchase to Payment for the Supply of Goods and Services

9.1 Procurement Policy

The MAT has a procurement policy which defines the process required for the purchase of all goods and services dependant on the value being procured (see Appendix D). This ranges from requiring a full tender process through being able to use new or established suppliers without the need for quotations as long as they are considered reputable.

9.2 Value for Money and Tender and Quotation Procedures

The LGB is accountable for the way in which the school's resources are allocated to meet the objectives set out in the School Development Plan. The school needs to secure the best possible outcome for pupils, in the most efficient and effective way, at an economic reasonable cost. This will lead to continuous improvement in the school's achievements and services. The governors and school 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 school will also take into consideration all relevant guidance including, but not limited to, the DfE "Effective buying for your School".

In securing best value for money (VFM) it is essential to have robust and transparent policy and procedures around the procurement process. When considering VFM it is deemed that it is not just about the price but also about the delivery of the right service to the school.

In line with this the MAT Board have deemed the limits within Appendix D, to ensure that appropriate controls are in place by specifying the use of reputable suppliers at a competitive price.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs.

To ensure transparency for any tenders/quotations received, all documentation including covering emails etc. will be reviewed and signed off by at least two parties within the school. A summary of the reasoning behind each choice will be detailed and attached to the relevant quotations. This pack will be available for audit review purposes.

9.3 Authorisation of Expenditure

All controllable expenditure will go through a purchase order (PO) process; via the web based workflow authorisation for approval by the appropriate budget holder.

Once the goods or service has been received the Finance Administrator 'goods receipts' this against the relevant PO.

Any invoices relating to purchase orders that have been goods receipted can be paid without further authorisation, subject to notification that the good received were not to a satisfactory standard.

Any invoices relating to purchase orders that have not been goods receipted cannot be processed until the Goods Receipt has been updated on the Web Portal.

9.4 Non Order Invoices

Any Invoices without a PO cover needs to go through the appropriate authorisation workflow; which requires the appropriate budget holder to authorise that this non order invoice can be paid; this is completed via their secure web portal access.

For any expenditure that is not controllable a purchase order is not required, this includes the following types of expenditure:

- Rent
- Utilities
- Agency

9.5 Payment Authorisation

All payments made will involve a minimum of two people in the transaction, one to instigate the payment and another to authorise.

For all payments the control is deemed to be at the front end of the process, via the raising and proper authorisation of the purchase order along with the subsequent goods receipting or invoice authorisation to confirm that the goods/services have been delivered to a satisfactory standard.

For all non order invoices these will go through an additional review process to understand the nature of the spend is in line with the expectations in this category. These invoices will have to be authorised via a web based workflow authorisation process, so will not be available to pay unless properly authorised.

All of the above will be pulled in a fortnightly supplier payment run by the Finance Administrator in the individual school; and then authorised by either the School Business Manager or Head Teacher.

9.6 Purchasing Card

Each school has two purchasing charge cards AND two debit cards allocated to the Head Teacher and the School Business Manager. The card is for use by the cardholder only and will not be shared with another member of staff. Any additional users must be signed off and minuted by the LGB Finance Committee.

All cards are only to be used for online transactions and under no circumstance will be used for cash withdrawals or directly in store. Should this functionality be required, the sign off of the Head Teacher AND the MAT Finance Director is required in writing.

All cards are for school purchases only and under no circumstances will be used for personal expenditure.

The card and associated PIN will be kept in a secure place by the cardholder and any loss reported immediately to the central support team.

The charge cards have a limit of £2000 each and will be used for the majority of monthly card transactions. A monthly charge card statement is received and is used to reconcile the monthly clearing payment to Lloyds.

Under the Lloyds Bank purchasing charge card set up there are no transaction limits tied to the use of the card online. However, any unusual purchasing online would usually get flagged to get authentication by the card holder to see if genuine before passing payment, this is done by the Lloyds fraud department. In light of this the following transaction limits will be adhered to and appropriate authorisation obtained PRIOR to use:

Head Teacher	£2000
School Business Manager	£1000

This card can be used to make purchases where the standard Purchase Order process is not appropriate, mainly in relation to procuring goods via the internet that offer better VFM than standard credit account suppliers (in particular Amazon). Evidence of authorisation for the transaction will be obtained prior to use of the card. Details of supporting such transactions will be printed off as evidence

and forwarded to the Finance Administrator with the relevant authorisation to ensure that they are entered on to the accounting system in order to recognise the liability.

All transactions will be reconciled through the monthly bank reconciliation review.

Use of the Procurement cards will be reviewed and monitored centrally.

9.7 Petty Cash

Each school has a petty cash facility this can be up to a maximum of £500 per site. The school Finance Administrator is responsible for the security distribution and record keeping to track both income and expenditure. Any distribution of petty cash will be authorised by the budget holder, and signed as received by the recipient.

Petty Cash will be used for incidental expenses up to the maximum value of £20. Any expenditure above this requires sign off from either the School Business Manager or Head Teacher.

A monthly return will be completed on the finance system to detail and cost the activity against the petty cash slips. The system balance at the end of the month will reconcile to the cash balance in the combined tins. The Finance Administrator will print a copy of the system balance and detail for the month and sign this to confirm the system/tin balance. This will then be checked and countersigned by the School Business Manager.

Petty cash will be subject to periodic review by the central support team, hence all records will be kept up to date and entered onto the finance system on a fortnightly basis / weekly basis depending on volume.

9.8 Expenses

Expenses payable to staff, Governors and Trustees will be paid via a separate ledger; these will be paid in line with the purchase ledger payment cycle (fortnightly).

These expenses will be submitted on the appropriate form with the supporting receipts attached, along with details of the reason for the expenditure; and will be authorised by the appropriate budget holder. Any items with VAT will have the VAT split out separately on the form.

A budget holder cannot authorise their own expenses, hence this need to be countersigned by the School Business Manager, Head Teacher or LGB Chair. There is not a PSF system authorisation process for Expenses, hence this is manual and paper based. The authorised form will be attached to the transaction on the finance system to enable this to be paid.

9.9 Staff Related Expenditure

The Trust values its staff and actively recognises the additional pressures of working in a Special School environment by ensuring a high level of wellbeing. Expenditure can be classified into two categories:

- a) Termly staff incentives to encourage a healthy work environment funded through additional income generated by lettings and student placements.
- b) Gestures of consideration in respect of sickness, bereavement and special events are covered under the Gifts Policy.

9.10 Inter School Expenses

The Trust recognises that resources should be pooled between schools in order to minimise costs. Each school within the Trust is expected to offer resources at zero cost and has the option of first refusal with regards to their own assets. When utilising a resource and a cost is incurred the school will be expected to reimburse these costs. For example, a minibus will be returned with the same amount

of fuel it is lent with. In exceptional cases a fixed charge for the use of an asset will be pre-agreed in writing. The charge will be based on the actual cost of using the asset and will not include any profit element, for example, hydro pool usage incurs water testing and maintenance costs. Each school is also expected to respect and adhere to the procedural checks of the host school.

10. Write Off Policy

All write offs need to be in line within the restrictions and recommendations as stated in the Academies Financial Handbook.

Any amounts for write off must be authorised by the budget holder and LGB and submitted to the MAT's Finance Director on a Permission to Write off form (Appendix F). The submission needs to include the amount to be written off and the reason for the write off, supported by the actions taken to attempt to recover the amount.

This recommendation will be reviewed by the MAT Finance Director before being authorised by the CEO and submitted to the MAT Trustees and EFA for authorisation where applicable; the relevant sign off and referral to the EFA for approval is dependent on the value being recommended for write off (see appendix E)

The School will always pursue recovery of overpayments, irrespective of how they came to be made. In practice there may be practical and/or legal reasons that dictate how a case should be handled.

Write offs will only take place after careful appraisal of the facts, including whether all reasonable action has been taken to effect the recovery from the debtor.

Any overpayments to employees will be clawed back (via a repayment schedule where appropriate to avoid undue hardship to the employee).

11. Cashflow Management

Cashflow monitoring will be maintained and updated on a monthly basis, alongside the monthly bank reconciliation process.

12. Additional Balance Sheet Controls and Reconciliations

The following key accounts will be reconciled on a monthly basis

- a) Bank Reconciliations
- b) Accruals
- c) Prepayments
- d) Deferred Income
- e) Payroll Control Accounts

The full balance sheet will be reconciled on a half yearly basis. This will be reviewed and countersigned by the MAT Finance Director and/or CEO.

13. Asset Management

Assets will be capitalised upon invoice entry, in line with of the fixed asset policy see Section15.14 for details. All expenditure against a number of key expenditure accounts will be reviewed on a quarterly basis to assess whether all necessary items have been capitalised.

The appropriate asset will be created and depreciation run against this in line with the Statutory Accounting policies.

A sample of these assets will be audited on a periodic basis to validate their existence.

14. Use of Reserves

Each school's reserves will be detailed at the end of the academic year by Fund. There will be no pooling of reserves by the MAT. Each school is responsible for setting their budget and the management of its reserves. In the event that reserves are required to be spent over and above budgeted use, the school in conjunction with their LGB, need to complete a reserves permission to Spend form (Appendix G) for authorisation by the Head Teacher, LGB and the MAT Finance & Resources Committee.

15. Accounting policies for Statutory Accounts Purposes

15.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction issued by EFA, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

15.2 Going Concern

The Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, this is reviewed on an annual basis and signed off by the external auditors in the financial statements. For this reason it continues to adopt the going concern basis in preparing the financial statements.

15.3 Incoming Resources

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

15.4 Grants Receivable

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

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income.

Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable or entitlement is known with reasonable certainty; these are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

15.5 Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

15.6 Donations

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

15.7 Other Income

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

15.8 Donated Services and Gifts in Kind

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

15.9 Transfer of Property upon Conversion

The basis for measurement of property transferred as part of any academy conversions will be what is considered to be a fair value, being a reasonable estimate of the property that the Trustees would expect to pay on an open market for an equivalent item.

One of the two following methods can be used:

- a) Property valuation supplied by the DfE
- b) A suitable percentage of the insurance valuation will be used, ranging from 65 to 100% depending on the age and condition of the property being transferred

15.10 Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

Central trust costs are allocated annually based on actual costs incurred and will be split equally between schools unless this is deemed to be unfair based on the nature of the cost. For example, central HR costs may be split based on head count if this is deemed to be a more appropriate basis of allocation and is a true reflection of the spend across the Schools. Whilst academies must not assume that the split of central costs will be equal, any changes in allocation will be agreed with the Head Teacher and School Business Manager of each School and will be signed off by the Trustee Finance & Resources Committee.

Resources will be recorded net of VAT, with the exception of business costs where VAT is irrecoverable. They will be classified under headings that aggregate all costs relating to that activity.

15.11 Costs of Generating Funds

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

15.12 Charitable Activities

These are costs incurred on the academy trust's educational operations.

15.13 Governance Costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

15.14 Tangible Fixed Assets

Tangible assets costing £2000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. This threshold applies to a group of assets as well as assets bought individually.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	7 years
ICT equipment	3 years
Motor Vehicles	5 years
Buildings	50 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

15.15 Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

15.16 Investments

The Trust does not hold any investments at the current time. The accounting policy will be determined when the need arises.

The Board of Trustees are firmly committed to ensuring that all funds under their control are administered under a risk adverse investment strategy. As such the Board do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Due to the nature of the funding cycle, the Academy may at times hold large cash balances which may not be required for immediate use. In the event of such a situation arising a Cash Pooling Arrangement may be considered, having received the necessary authorisation from the Board of Trustees.

15.17 Stock

The sale of uniform is administered independently at Strathmore. At Clarendon the sale of uniform is administered by the school but all stock is held by the company who provides it.

15.18 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

15.19 Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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

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

15.20 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education

15.21 Reserves

The Board of Trustees reviews the reserve levels of each School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Trust is that each School plans to spend the majority of its revenue income each year on the students in its care; but also to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of each School whilst ensuring that excessive funds are not accumulated. The level of reserves required will be reviewed each year by the Board of Trustees. The recommended level of reserves for each school is between 7-12% with any reserves outside of this level having a justification reviewed and approved by the MAT Finance Director via the Finance & Resources Committee.

These free reserves are held for the investment in buildings, smooth any change in pupil led funding and to provide for any unforeseen liabilities. These reserves will provide a cushion to deal with

unexpected emergencies such as urgent maintenance, as well as sums that are set aside from this each year for planned replacement of capital items such as ICT infrastructure etc.

16. Fraud

The Trusts is aware of the risk of fraud, theft and/or irregularity occurring and, as far as possible, has addressed this risk in the internal control and assurance arrangements put in place. The Trust will take appropriate action where fraud, theft and/or irregularity is suspected or identified. The trust will also notify the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, will also be reported. The following information will be reported:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and why if not)
- whether insurance cover or the risk protection arrangement have offset any loss.

17. Related Party Transactions

The Trusts will report all transactions with related parties to the ESFA in advance of the transaction taking place, using the ESFA's on-line form **(3.10.4)**. This requirement applies to transactions made on or after 1 April 2019.

Trusts will obtain the ESFA's approval for transactions with related parties that are novel, contentious and/or repercussive (3.10.5) (3.10.6). The Trust will carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board and the accounting officer.

Trusts will obtain the ESFA's prior approval, using the ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract exceeding £20,000
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

Appendix A - System defined roles

Role 1 – Schools Finance Administrator

Assigned to	School Finance Personnel
Software Accessed	'Accounting' system and the 'Web Portal' - school specific
Role Profile	They are able to do all of the main day to day operational activities including the following: <ul style="list-style-type: none">a) Create Customer and Supplier Master recordsb) Raise Purchase Ordersc) Goods receiptd) Input invoicese) Enter Petty Cash Income and Expendituref) Enter employee expensesg) Raise Sales Ledger invoicesh) Enter Incomei) Run Reports and queries

Role 2 - Schools Budget Holder Access

Assigned to	Teachers and SLT
Software Accessed	Web portal
Role Profile	This access is limited to their specified school activity, it allows the following: <ul style="list-style-type: none">a) Authorisation of Order and Non Order Invoicesb) Running a limited number of reports and queries

Role 3 - Central Support Team Administrator Access

Assigned to	Central Support Team Finance Administrator(s) Currently Finance Director/SBM Strathmore + SBM Clarendon as back-up
Software Accessed	'Accounting' system and the 'Web Portal' for all schools and central locations
Role Profile	They are able to do all of the main day to day operational activities for all schools, including the following: <ul style="list-style-type: none">a) Create Customer and Supplier Master recordsb) Raise Purchase Ordersc) Input invoicesd) Enter Petty Cash Income and Expendituree) Enter employee expensesf) Raise Sales Ledger invoicesg) Enter Incomeh) Generate and post payment runs*i) Upload payment runs to the BACs software ready for authorisation*j) Run Reports and queriesk) Generate and post journals*l) Change Purchase Ordersm) Complete Bank reconciliations*n) Chart of accounts and all associated master records*

*These items are additional to the School Administrator access.

Role 4 - Central Support Team Budget Holder

Assigned to	Chief Accounting Officer and MAT Finance Director
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Software Accessed

'Accounting' system for all schools and the 'Web Portal' for authorisation of the central location transactions.

Role Profile

These individuals have access to perform both the Central Support Team Administrator role and the Central Support Team Budget Holder access, as well as having the ability to set up and amend the following

- a) All Purchase orders
- b) All Documents
- c) Authorise payments on the BACs software

Appendix B - Budgetary / Financial Review Cycle

Budget Cycle:	Owner	Timeframes
Initial annual Budget prepared by Schools	Headteacher	May
First Review by MAT Finance Director	Finance Director	June
Review and Approval by School LGB	Headteacher	June
Review by MAT Finance Director and CEO	Finance Director	June
Recommended budgets put forward to Finance & Resources Committee	Finance Director	July
Budget Review and Approval by Finance & Resources Committee	F&R	July
Budget Review & Approval by Board of Trustees	F&R	July
Submission of Budgets to EFA	Finance Director	31st July
Budget Upload to the Finance System	SBMs / Finance Director	September
Statutory Financial Review Cycle:		
Final Year End Accounts Review by School LGB and Finance Director	Headteacher	Mid October
Consolidated preparation of Year End Results	Finance Director	October
Final Year End Accounts Review by Finance & Resource Committee	F&R	November
Year End Audit and Annual Return Report to the Audit & Effectiveness Committee of Audit Findings	Finance Director A&E	December January
Management Financial Review Cycle:		
Monthly Management Accounts reviewed	SBM / Finance Director	Monthly
P3 Review – to compare YTD actual against approved budget. Revised budget to be presented if necessary. Reviewed by local Finance Committee	Headteacher	December
P7 Review – used for ESFA submission. YE forecast / Working Budget to be prepared.	SBM / Finance Director	April
P9 Review – YE forecast to be prepared.	SBM / Finance Director	June

Appendix C – Academy Expenditure

Academy Expenditure – within Approved Budget Expenditure Type

Expenditure Type	Restriction	Authority	Review and Agreed by
Staffing: Teaching and Non teaching	Up to Leadership Grade	Head Teacher	
Staffing: Leadership			CEO
Supplies & Services	Up to £999	SBM / FD	Head Teacher
Supplies & Services	Up to £4999	Head Teacher	Chair of Governors
Supplies & Services	£5000 to £25,000	Head Teacher	LGB / FD
Supplies & Services	Over £25,000	Head Teacher	LGB / CEO

Academy Expenditure – outside Approved Budget Expenditure Type

There are instances whereby a budget holder can spend outside of the approved budget, this will be in the following circumstances and only where the overall surplus/deficit remains unchanged or is favourable to the originally approved budget.

The following table details the instances where a budget holder can approve expenditure outside of the approved budget without obtaining any further approval.

For all of the following this will be clearly shown in the management accounts and detailed in the narrative provided to the LGB, to clearly show where the overspend and underspends compensate for each other and are in line with the following table.

Expenditure Type	Allowed overspend against budget	Authority	Reviewed by
Staffing overspend (including agency staff)	To address a specific pupil needs. Increase in pupil numbers over and above budget.	Head Teacher	LGB
Premises Costs	Budgets are set for reactive and planned maintenance are interchangeable, as long as overspend on one is compensated by underspend on the other.	Head Teacher	LGB
Other – Non Staff Expenditure	As long as any overspend in one area is compensated for by another underspend in the other non-staffing expenditure codes up to a maximum of £5000 in total for the academic year, anything above this needs to be approved by LGB and MAT Trustees.	Head Teacher	LGB / MAT approval required

Academy Expenditure – Special Payments

Special payments are transactions that fall outside academy trusts' planned range of activities. They are non-statutory or non-contractual and so are subject to greater control of other payments. They include:

Expenditure Type	Summary Detail and Approval
Staff Severance Payments	Non statutory element greater than £50,000, EFA approval required.
Compensation Payments	Non statutory element greater than £50,000, EFA approval required.
Ex gratia Payments	All ex gratia transactions must be referred to the EFA for prior authorisation.

For further detail on special payments please refer to the Academies Financial Handbook (3.7).

Appendix D - Procurement Matrix

Procurement Value	Process
Below £2,500	No written quotation required but use of a Reputable Supplier* is required.
Between £2,500 - £25,000	A minimum of 3 quotations will be obtained. An assessment matrix will be completed to detail the decision making process for selection to demonstrate VFM. If it is not feasible to obtain 3 quotations due to non response, specialism of the item being procured or the limitations on the timeframes for procurement a procurement waiver will be requested and documented and authorised by the Chair of the LGB and countersigned by the MAT Finance Director.
Over £25,000 – up to EU Threshold	A minimum of 3 quotations/tenders will be obtained agreed with the CEO; to be ratified by the Finance & Resources Committee.
Supplies or Services – above EU threshold (Note 1)	EU Procurement Directives (Supplies and Services) apply and open, restricted or negotiated processes are followed
Works – above EU threshold (Note 2)	EU Procurement Directives (Works) apply and open, restricted or negotiated processes are followed

1 – Supplies and Services threshold 1 January 2016 - 31 December 2017 - £164,176

2 – Works (major capital projects) 1 January 2016 - 31 December 2017 - £4,104,394

The value is exclusive of VAT and is based on the Whole Life Cost of any contract.

*Definition of a Reputable Supplier:

This areas is left deliberately open to enable the school to achieve the best VFM that it can whilst operating in an appropriate manner when selecting a supplier for goods & services.

Most importantly any related or connected parties /relationships must be fully disclosed only selected if in accordance with the Academies Financial Handbook, any associated member of staff/LGB will not be part of the decision of selecting the supplier or provide them with information that may give the supplier an unfair advantage.

A reputable supplier can range from a Sole Trader to a Registered Company; an understanding of the supplier's status and legitimacy will be checked with companies house where possible, and references obtained where possible.

The school will ensure it has sight of the relevant paperwork to confirm that the supplier has the proper qualifications and insurances to perform the task required and trade membership where applicable (i.e. Gas, electrical, windows).

Appendix E - Write off Policy Thresholds

Write off Value	Authorisation Required
A single transaction up to £1000 Cumulative transactions up to £5,000 in any one financial year per category of transaction	CEO
A single transaction over £1,000 Cumulative transactions above £5,000 in any one financial year per category of transaction	Finance & Resource Committee
A single transaction over 1% of total annual income or £45,000 (whichever is smaller) Cumulatively 5% of total annual income in any one financial year per category of transaction	EFA Approval

Appendix F – Permission to Write Off Form

All write offs need to be in line within the restrictions and recommendations as stated in the Academies Financial Handbook (3.6). Any amounts for write off must be authorised by the budget holder and LGB and submitted to the MAT's Finance Director on a Permission to Write off form. The submission needs to include the amount to be written off and the reason for the write off, supported by the actions taken to attempt to recover the amount.

This recommendation will be reviewed by the MAT Finance Director before being authorised by the CEO and submitted to the MAT Trustees and EFA for authorisation where applicable; the relevant sign off and referral to the EFA for approval is dependent on the value being recommended for write off (see appendix E)

School:	
Amount to the Written Off:	
Requested by:	
Background to Write-Off:	
Details of action taken to recover the amount:	
Budget Holder Authorisation:	
LGB Authorisation:	
CEO Authorisation:	
Finance & Resource Authorisation (if applicable)	
Requested submitted to EFA (if applicable)	

Appendix G – Permission to Spend Reserves Form

Each school is responsible for setting their budget and the management of its reserves. In the event that reserves are required to be spent over and above budgeted use, the school in conjunction with their LGB, need to complete a reserves permission to Spend form for authorisation by the Head Teacher, LGB and the MAT Finance & Resource Committee.

School:	
Amount of Reserves to be Utilised::	
Requested by:	
Background:	
Details of action taken to identify alternative sources of financing:	
Head Teacher Authorisation:	
LGB Authorisation:	
CEO Authorisation:	
Finance & Resource Authorisation	