As reviewed and recommended by the Finance and Resources Committee

2026/27

DDAT
Derby Diocesan Academy Trust

Diocese of Derby
THE CHURCH OF ENGLAND

Financial Handbook

Preparer	Pat Mosley (CFO)
Approved by Trust Board	10th July 2026
Next review date:	31st August 2027

Statement of Intent

It is important for the Diocese of Derby Academy Trust ("the trust") to demonstrate that they do not benefit personally from decisions they make in regards to the spending of public money. In order to ensure that the financial standing of the trust cannot be brought into disrepute, this policy will be implemented by all academies within the trust, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees of the trust, as well as services and goods sourced from external agencies, such as contractors and caterers.

The trust takes responsibility of handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

Legal Framework

This policy has due regard to statutory legislation, including, but not limited to, the following:

- The Employment Relations Act 1999
- Companies Act 2006
- Charities Act 2016
- The Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)

This policy also has due regard to DfE guidance, including, but not limited to, the following:

- DfE 'Academy Trust handbook'
- DfE 'Academies Accounts Direction'

This policy should be used in conjunction with the following trust policies:

- Teachers' Pay Policy
- Support Staff Pay Policy
- Executive and Central Team Pay Policy
- Charging and Remissions Policy
- Investment Policy
- Tendering and Procurement Policy
- Reserves Policy
- Anti-Fraud and Corruption Policy
- Gifts, Hospitality and Anti-Bribery Policy
- Charge Card Policy

Key Contacts List

Trust contacts

Role	**Name**
Chair of board of trustees	Sarah Charles
Chief Executive Officer	Sarah Clark
Chief Financial Officer	Pat Mosley
Chief Operating Officer	Andrew Martin (Interim)
Finance Manager	Paul Clark
Data Protection Officer	Derbyshire County Council

Introduction

The purpose of this handbook is to provide further instruction and guidance to trustees, LTC's, headteachers and academy finance staff within the trust, to ensure that the central trust and each academy within the trust maintains and develops systems of financial control which conform to the requirements of both propriety and good financial management.

It is essential that these financial accountability systems operate effectively to meet the requirements and needs of the Academy's funding agreement with the Secretary of State for Education (SoS) and the Department for Education (DfE).

The Academy Trust Handbook (ATH) is available on the DfE website.

The ATH informs that the academy must apply the principles of financial management, control and governance, as well as role responsibility and audit. This manual expands on the ATH and provides some more detailed information on the Academy's accounting procedures and systems as it relates to the trust. All staff involved with financial accountability must read the ATH.

Included within the ATH is a schedule of requirements (the 'musts') that the trust and its constituent academies must have in place. The trustees, Chairs of local governing bodies, finance committees, headteachers and academy finance staff must be aware of the 'musts' and are responsible for ensuring that they are in place and operating effectively.

Effective governance results in clear public accountability for the performance of the trust and its constituent academies. Weak governance reduces accountability, removes checks and balances and denies the academy of a potentially valuable source of guidance.

The financial responsibilities of the LTC's, the Head and other staff are defined in this financial manual.

1. Governance

1.1. Role of members

- As stated in the ATH the trust is a charitable company limited by guarantee and has members who have a similar role to the shareholders of a company limited by shares. They:

    - Are the subscribers to the trust's memorandum of association (where they are founding members);
    - May amend the articles of association (the articles include a definition of the trust's charitable objects and governance structure) subject to any restrictions in the articles or in the trust's funding agreement or charity law;
    - May, by special resolution, appoint new members or remove existing members other than, where there is one, the foundation/sponsor body and any members it has appointed
    - Have powers to appoint trustees as set out in the articles of association and powers under the Companies Act 2006 to remove trustees
    - May, by special resolution, issue direction to the trustees to take a specific action.
    - Appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act)
    - Have power to change the company's and, ultimately, wind it up.
    - The academy trust **must** have at least 3 members, although the Departments' strong preference is that trusts should have at least five members. Having more members:
    - provides for a more diverse range of perspectives
    - ensures members can take decisions via special resolution without requiring unanimity.
    - Members **must not** be employees of the trust, nor occupy staff establishment roles on an unpaid voluntary basis.

1.2. Role of the board of trustees

- As stated in the ATH the board of trustees of the trust have wide responsibilities under statute, regulations and the funding agreement as well as a wide discretion over its use of the trust's funds, which it must discharge reasonably and in a way that commands broad public support. Principally, it is responsible for:

    - Ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the ATH;
    - Ensuring clarity of vision, ethos and strategic direction
    - Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
    - Overseeing the financial performance of the organisation and making sure its money is well spent; and
    - The proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

- Because the trust is a company limited by guarantee and an exempt charity the board of trustees are subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure proper governance and conduct of the trust.
- The key requirements are reflected in the articles of association, the funding agreement, and the ATH.
- As recommended by the DfE trustees should follow the guidance in the Academy trust governance guide which sets out principles of good governance and the legal duties applying to, and core role and strategic functions of, boards of trustees.
- Trustees must also be aware of the Charity Commission's guidance for trustees CC3: The Essential Trustee: What you Need to Know, what you need to do and should be aware of other guidance listed in the ATH.
- The board of trustees must understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:

    - Act within their powers;
    - Promote the success of the company;
    - Exercise independent judgement;
    - Exercise reasonable care, skill and diligence;
    - Avoid conflicts of interest;
    - Not to accept benefits from third parties; and
    - Declare interest in proposed transactions or arrangements.

- The board of trustees should identify the skills and experience that it needs, and address any gaps through recruitment, and/or induction, training and other development activities.
- The board should also address this for any local governing bodies it has put in place. The Academy trust governance guide identifies a range of training material to help trustees develop and engage fully with their role. This includes a competency framework for governance that trusts should refer to in determining whether they have skills gaps.
- The board of trustees must provide details of the academy trust's governance arrangements in the governance statement published within its annual accounts, and on its website. This includes its scheme of delegation for governance functions setting out what the board has delegated to its committees and, in the case of multi-academy trusts, to local governing bodies.
- Each year as part of the governance statement the board of trustees should include an assessment of the trust's governance, including a review of the composition of the board in terms of skills, effectiveness, leadership and impact.
- The funding agreement sets out additional specific responsibilities of the board of trustees.
- The board and its committees must meet regularly enough to discharge their responsibilities under their articles of association, funding agreement, the ATH and this handbook, to ensure robust governance and effective financial management arrangements.
- Board meetings must take place at least three times a year (and business conducted only when quorate) although the trust may well consider it appropriate to meet more frequently.
- The board should identify the actions they need to accomplish during the year and this should inform the frequency of meetings.

- Whilst the board cannot delegate overall responsibility for the trust's funds, it must approve a written **Scheme of Delegation** of financial powers that maintains robust internal control arrangements.
- This written Scheme of Delegation must be reviewed on an annual basis as part of one of the board meetings and minuted.

1.3. Role of the Chief Executive Officer / Accounting Officer

- In accordance with the ATH the Chief Executive Officer must be appointed as accounting officer, under the guidance of the board of trustees.

- The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the DfE's accounting officer, for the financial resources under the trust's control and for assuring Parliament, and the public, of high standards of probity in the management of public funds, particularly:

    - **Value for money** – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources.
    - **Regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement, the ATH, this handbook and any supplementary policies and 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, behavior and corporate governance.
    - **Feasibility** – that proposals can be implemented accurately, sustainably, and to the intended timetable with the resources available and without incurring wasteful or nugatory spend.

- The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to DfE 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
- The accounting officer is also responsible for ensuring that they have appropriate oversight of financial transactions within the trust, by:

    - Ensuring that all the trust's property and assets are under the control of the trustees, and measures are in place to prevent losses or misuse, including maintenance of fixed asset registers;
    - Ensuring that bank accounts, financial systems and financial records are operated by more than one person; and
    - Keeping full and accurate accounting records to support their annual accounts.

- The accounting officer must take personal responsibility (which must not be delegated) for assuring the board of trustees that there is compliance with the ATH and the funding agreement.

- The accounting officer must advise the board of trustees in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or this handbook.
- Similarly, the accounting officer must advise the board of trustees in writing if the board appears to be failing to act where required to do so by the terms and conditions of the ATH or funding agreement.
- Where the board of trustees is minded to proceed, despite the advice of the accounting officer, the accounting officer must consider the reasons the board of trustees gives for its decision. If, after considering those reasons the accounting officer still considers that the action proposed by the board of trustees is in breach of the articles, the funding agreement or the ATH, the accounting officer must notify DfE's accounting officer immediately, and in writing.
- The DfE will send a '**Dear Accounting Officer'** letter annually to the trust's accounting officers, covering issues pertinent to their role such as developments in the accountability framework and findings from DfE's work with trusts. The accounting officer must share this letter with their members, trustees, chief financial officer and other members of the senior leadership team. They must also arrange for it to be discussed by the board of trustees and take action where appropriate to strengthen the trust's financial systems and controls.

1.4. Role of the Chief Financial Officer

- In accordance with the ATH the trust must have a chief financial officer ("CFO") who has been appointed by the trust's board.
- Whilst the trust's accounting officer is accountable for the trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the trust's detailed accounting processes will be delegated to the CFO.
- The CFO plays both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.
- The CFO need not discharge all of their duties personally as the trust reserve the right to decide that its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time.

1.5. Role of the central trust

- The central trust is responsible for implementing the strategy, policies and procedures determined by the board of trustees whilst ensuring the trust is compliant with the relevant laws and regulations.
- The central trust is also there to support and guide the constituent academies and provide a range of services to assist with this responsibility.
- The central trust is responsible for the trust's financial records and returns and its day to day operations. This financial responsibility is headed up by the CFO and supported by their team that form the central trust finance department.
- The central trust is not responsible for the day to day financial management or operations of its constituent academies as this is the responsibility of the LTC, headteacher and SBL unless an academies delegated powers have been withdrawn.

1.6. Role of the Local Trust Committee

- The Local Trust Committee (LTC) is not responsible for setting or approving the school's annual budget plan; however, it is consulted during the development process prior to final approval by the Trust Board.
- It is the headteacher that has ultimate executive responsibility to the Trust and the LTC for the financial management of the academy.

1.7. Role of the headteacher

- The role of the headteacher (also relates to executive headteacher) includes:
    - The management of the academy financial position at a strategic and operational level;
    - The management and supervision of effective systems of internal control;
    - The management of other financial issues as applicable.

- Where the academy has a Head of School, deputy or assistant headteacher their financial responsibilities are as above when deputising for the headteacher.

1.8. Role of the School Business Leader

- The School Business Leader ("SBL") is principally responsible:

    - Updating the headteacher and LTC on the schools financial position.
    - For the implementation of the procedures set out within this financial handbook and any supplementary policies and procedures;
    - For the preparation and maintenance of the accounting system, reports and records as may be required by the LTC and the trust; and
    - To the headteacher for the day-to-day financial responsibility of the academy finances.

- The SBL can be one of the following:

    - A member of the school staff;
    - A specific individual in that post;
    - A brought in provider

- The LTC must ensure that whoever takes on this role:

    - Is suitably qualified and experienced;
    - Has sufficient resources to carry out the function;
    - Has time in which to effectively discharge their financial responsibilities

1.9. Declaration of Governor Interests

- A register of business and personal interests is maintained for the members, trustees, all members of LTC's, headteachers and all staff members. It is freely available for inspection by governors, staff and parents.

- The trust's register of interests must capture relevant business and pecuniary interests of members, trustees, LTC members of academies within a multi-academy trust and senior employees. The register must include their full names, date of appointment, who appointed them and their term of office (for trustees and local governors), date they stepped down (where applicable), and relevant business and financial interests including:

  - Directorships, partnerships and employments with businesses;
  - Trusteeships and governorships at other educational institutions and charities; and
  - For each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

- The register must identify any relevant material interests arising from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees.

A connected party includes:

- Any member, trustee, or local governor of the trust;
- Any individual or organisation connected to a member, trustee, or local governor, including:
  - A relative, defined as a close family member or someone in the same household who may influence or be influenced by the individual (e.g. child, parent, spouse or civil partner);
  - An individual or organisation in business partnership with the member, trustee, or their relative;
  - A company in which a member and/or trustee (alone or with relatives) holds more than 20% of share capital or voting rights;
  - An organisation controlled by a member and/or trustee (alone or with relatives), meaning they can ensure its affairs are conducted according to their wishes;
- Any individual or organisation with the right (under the trust's articles of association) to appoint a member or trustee, and anyone connected to them;
- Any individual or organisation recognised by the Secretary of State as a sponsor of the trust, and anyone connected to them.

- The register is kept up to date and complete, and includes all governors and relevant staff. In this regard, each governor and member of staff provides signed and dated returns, including nil returns, on an annual basis. On the appointment or election of new Governors the Clerk will invite them to register their interest and cancel and sign the entry of the retiring governor.

- In addition, there are in-year declaration procedures to enable Governors, the Exec Head/Head Teacher and staff to declare interests as they become aware of them. "Declarations of Personal and Business Interests" should be a standing agenda item for the LTC.

1.10. Security and data protection

- Each LTC at academy level and the CFO at central trust level are responsible for ensuring that effective arrangements are made relating to maintaining proper security arrangements at all times for all buildings, plant, vehicles, stocks, stores, furniture, equipment, cash, cheques, personnel/pupils and financial records etc. under its control. Where security is thought to be defective or it is considered that special security arrangements may be required, these must be made known to the CFO without delay.

- Keys to safes and similar secure places of storage are to be carried on the person of those responsible at all times; the loss of any such keys must be reported to the CFO immediately.
- The board of trustees have ultimate responsibility for ensuring that the trust complies with data protection legislation although it is expected that the operational responsibility would be delegated to a named individual, known as the **Data Protection Officer** ("DPO"). Where responsibility is delegated this must be recorded in the minutes of the relevant meeting of the board of trustees.
- The DPO, and ultimately the board of trustees are responsible for ensuring that the appropriate guidance and training is given to LTC's and all trust staff in respect of their data protection responsibility.
- Each LTC is responsible for maintaining proper security and privacy in accordance with data protection legislation with regard to the information held both electronically and on paper records and documents. They are also responsible for ensuring that academy staff have been adequately trained in their data protection responsibilities. It is expected that this responsibility would be delegated to the headteacher of each academy at an operational level who would then report back to the LTC.
- Where there are deemed to be any breaches in data protection these must be reported to the DPO within 24 hours by the headteacher of the academy. The DPO is responsible for deciding the appropriate course of action and for informing the board of trustees as soon as is practical.

1.11. Attendance of trust employees at academy meetings

- The CEO, CFO, or authorised representative, reserve the right to attend any meetings of an LTC. Prior notice of such attendance will be given by no later than 5 days before the meeting is due to take place unless it is impracticable to do so.

1.12. Challenge of academy financial performance

- The trust has a duty to ensure the effective management of resources by its constituent academies. To this end, academies may be required to submit returns as specified by the trust for this purpose. All submissions required by the trust should be completed in a timely and accurate manner. The trust has a duty to challenge the financial performance of its constituent academies and will monitor and check the monthly reporting pack submitted by each of its constituent academies as part of the challenge process. This monitoring will be performed by the CFO and the central trust finance department.

- Where the academy's financial performance gives cause for concern, the academy may be required to attend a financial review meeting with the trust, to work in collaboration to review the reasons for concern and agree a way forward. This process will form the initial stage of any intention or requirement for the trust to issue a Notice of Concern (see s1.13).

- The following reasons, although not an exhaustive list, are deemed to give an indication that the academies financial position looks fragile or there is evidence of weak financial management:

- Having a deficit budget;
- Having consecutive in-year deficits
- Receiving a poor internal audit review;
- The monthly reporting pack is not received by the deadline or gives cause for concern;
- Late/non- submission of key reports

- The CFO will review and monitor all financial records continuously throughout the year.

- The SBL of each academy will review and monitor each individual academy's financial records, raising any concerns with the CFO.

1.13. Notice of Concern

- The trust may issue a **Notice of Concern** to any its constituent academies where, in the opinion of the CEO and CFO the academy has failed to comply with any provisions of the financial handbook, or where actions need to be taken to safeguard the financial position of the trust or the academy.

- The **Notice of Concern** will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

    - Insisting that relevant employees undertake appropriate training to address any identified weaknesses in the financial management of the academy;
    - Insisting on regular financial monitoring meetings of the academy attended by employees of the central trust;
    - Imposing restrictions or limitations on the manner in which an academy manages additional funding streams separate to its core grant funding from the DfE – for example by requiring an academy to submit income projections and/or financial monitoring reports on such activities; and
    - Insisting the academy engages appropriate financial management support (quality assured by DDAT) to enhance, provide supplementary guidance and inform on financial management procedures and issues.

- The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn.

1.14. Withdrawal of authorising expenditure at school level.

- Where it is evident to the CFO and CEO that a school subject to these regulations:

    - Has failed to respond to advice or warnings (including the issue of a 'Notice of Concern' as detailed in s1.13 given by the trust or has failed to take remedial action recommended by the trust, or
    - Has been guilty of a substantial or persistent failure to comply with

requirements applicable under this financial handbook, or

This will be reported to the board of trustees who then decide the next steps.

- Any action by the trust under this section must be communicated to the Chair of the LTC and headteacher within 7 days, stating the justification for the decision and how this action can be ultimately withdrawn upon successful improvement.

- It is the responsibility of the Chair of the LTC to inform the remainder of the LTC of the action(s) taken by the board of trustees under this section.

1.15. Completion of DfE annual returns

- It is the responsibility of the CFO to ensure that all of the required DfE returns are submitted by the required deadline.
- To ensure this responsibility is met the CFO will establish a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.
- This communication will also outline the responsibilities of each academy and those of the central trust in compiling the relevant information required for the completion of the return.

1.16. Variations to the financial handbook and policies

- The board of trustees, under the guidance of the CFO, may at any time revise and at least on an annual basis, will review and alter the rules and procedures set out within this financial handbook where applicable.
- Once the changes have been approved by the board of trustees, the trust will give academies at least 28 days' notice of any changes. This notice will be provided by the CFO to the headteacher and School Business Lead.

2. Internal Scrutiny

'The need for academy trusts to conduct checks to ensure systems are effective and compliant'

Purpose of internal scrutiny

All academy trusts **must** have a program of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.

Internal scrutiny **must** focus on:
- Evaluating the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are designed effectively and efficiently, and checking whether agreed procedures have been followed
- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management for day to day running of the trust
- Ensuring all categories of risk are being adequately identified, reported and managed.

- The trust must identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed.
- Internal scrutiny should take account of output from other assurance procedures to inform the program of work. For example, it should have regard to recommendations from the trust's external auditors as described in their management letter, and from relevant reviews undertaken by DfE.
- Independence in internal scrutiny must be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board, which in turn provides assurance to the trustees.
- The academy trust must establish an audit and risk committee, appointed by the board.
- The audit and risk committee should meet at least three times a year.

The audit and risk committee **must**:

- Direct the trust's program of internal scrutiny
- Ensure that risks are being addressed appropriately through internal scrutiny
- Report to the board on the adequacy of internal control framework, including financial and non-financial controls and management of risks.
- Internal scrutiny must extend to the financial and non-financial controls and risks at constituent academies.
- Internal scrutiny is conducted by someone suitably qualified and experienced and able to draw on technical expertise as required be covered by a scheme of work, driven and agreed by the audit and risk committee.
- Informed by risk be timely, with the program of work spread appropriately over the year so higher risk areas are reviewed in good time include regular updates to the audit and risk committee by the person(s) or organisation(s) carrying out the program of work.
- Incorporating: a report of the work to each audit and risk committee meeting, including recommendations where appropriate to enhance financial and non-financial controls and risk management.
- An annual summary report to the audit and risk committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress. scrutiny of academy trusts, DfE considers that the term internal scrutiny should be viewed in the same way as internal audit.

3. External Audit

3.1. Scope

- In terms of the end of year audit, in accordance with the Companies Act 2006, the members of the trust will:
    - Appoint an external auditor to certify whether the accounts present a true view of the trust's financial performance and position and to produce a set of audited financial statements.
- The CFO is responsible for sourcing and assessing appropriate external auditors for this year-end audit, the audit of the DfE's Annual Accounts Return and the

Teachers' Pension audit. It is expected the same external auditor will be used for all three requirements and the CFO will provide a recommendation to enable the members to make an informed decision in relation to which external auditor to appoint.

- The trust is responsible for ensuring that:
    - The audit contract and regularity engagement must be in writing and must not cover other services;
    - The letter of engagement provides for the removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors must require a majority vote of the members, who must provide reasons for their decision to the board. There must be a requirement in the letter of engagement for the auditors to provide the trust with an explanation within 14 calendar days if the auditors resign.
- The trust will produce a statement of regularity, propriety and compliance, and will obtain a regularity assurance report on this statement from the external auditor.
- The auditor's statement on regularity, propriety and compliance will be included in the trust's annual report. This formal declaration is to ensure that the trust has fulfilled the following responsibilities:
    - Efficient and effective use of resources in the trust's charge;
    - Public money is spent only for the purposes intended by Parliament; and
    - Maintained appropriate standards of conduct, behavior and corporate governance when applying the funds under their control.
- The external auditor has a responsibility to advise the board of trustees and DfE of any instances of irregularity or impropriety, as well as any non-compliance with the terms of the trust's funding agreement.
- Trusts should retender their external audit contract at least every 5 years and must consider the relevant points above when evaluating.

3.2. Timetable

The external audit timetable is set annually and typically operates as follows:

- July: External auditors begin preparatory work on the annual financial statements.
- Autumn term: Auditors carry out on-site and remote testing across the trust and its academies.
- December: Audit findings are presented to the CFO, followed by submission of the audited financial statements to the board of trustees for review and approval. Following approval:
- The CFO:
    - Communicates audit findings to each headteacher and School Business Leader (SBL) and agrees action plans;
    - Reports regularly to trustees (or a sub-committee) on progress;
    - Submits audited financial statements and the auditor's regularity report to the DfE by 31 December;
    - Ensures publication of the audited financial statements on the trust website by 31 January.

3.3. Responsibilities

- The CFO is responsible for ensuring that the external auditors have access to all records, information, explanations, assets and premises. Copies of any relevant documents may be taken by the external auditors. It is expected that the SBL of each academy will play a significant role in supporting the CFO in the fulfilment of this responsibility.
- The CFO is responsible for agreeing a workable timeframe with the external auditors for the year-end audit and communicating this timeframe to the headteacher and SBL of each academy along with any other individuals as deemed necessary.
- Although the CFO is ultimately responsible for ensuring an efficient year-end audit process it is the responsibility of the SBL at each academy to assist the CFO in fulfilling this responsibility by whatever means are deemed necessary.
- It is the responsibility of the CFO to assess and manage the performance of the external auditor and to communicate any concerns to the board of trustees where applicable.

4. Financial Management

4.1. Basis of accounting

- Unless otherwise requested by the trust, each academy and the central trust should records transactions in accordance with the accruals concept.
- Accrual accounting is an accounting method that measures the performance of the Academy by recognising financial transactions regardless of when the cash transaction occurs.
- It is the responsibility of the SBL of each academy, with the support and guidance from the central trust finance team, to ensure that their academy's financial records must reflect:
    - The cost of goods and services when the benefit has been consumed, not when the cash has been expended; and
    - The receipt of income when the organisation is entitled to it – not when the cash has been received.

4.2. Use of restricted funds

- As previously stated the trusts is a charity and therefore subject to certain rules and regulations which includes fund accounting.
- Fund accounting is an accounting system for recording resources whose use has been limited (commonly known as restricted) by the donor, grant authority, governing agency, or other individuals or organisation's or by law. It therefore emphasising accountability rather than profitability and is used by Nonprofit organizations such as academies.
- The key aspect of fund accounting is identifying whether a source of income has a restriction attached to it which determines how it can be spent. Sports/PE funding is a prime example of a restricted grant and the majority of grant income whether it's from the DfE, local authority or another source tend to be restricted income.
- It is the responsibility of the SBL at academy level and the CFO at trust level to identify whether a source of income has restrictions attached and report such

restrictions to the headteacher and LTC or CEO and board of trustees. It is the responsibility of the headteacher and LTC at the academy level and the CEO and CFO at central trust level to decide how these sources of income are to be spent. It is expected that this will form part of the budget setting process and documented in the relevant minutes. They are also responsible for ensuring that they receive and review the appropriate financial information to enable them to monitor how these funds are spent.
- The SBL at academy level and the CFO at trust level are responsible for ensuring that expenditure against that source of income and be easily identifiable from the financial system. It is recommended that a department structure within the accounting system is used to achieve this. For example, Sports/PE funding has its own department where the grant income and all relevant expenditure can be posted to achieving a sub-income and expenditure account for that source of income.

4.3. Budget planning and setting

- It is the Headteachers responsibility to propose a budget plan to the CFO annually, which is supported by the Schools Business Lead/SBM and the central finance team.
- Annual budget setting guidance is published by the Trusts Central Team, clearly identifying the areas of the budget the School are responsible for.
- Budget meetings with the School and the central finance team are held bi-annually
- Autumn term – to review the budget position
- Summer Term – for the school to propose a budget plan for the following year, ensuring that the aforementioned budget setting guidance has been adhered to.

- Academies are expected to propose a budget plan that does not present an in-year deficit in the first year, and ensures a balanced cumulative position over a 5 year period, If an academy feels they have justification for proposing an -in-year deficit, which is covered by previous year's funds, in the first instance this is discussed with the CFO. Should this rationale be supported by the CFO, justification will be presented to the Finance Committee and Full Trust Board for their consideration and approval.

- Factors to consider when looking at the schools budget plan are:

    - Pupil number forecasts;
    - Curriculum requirements;
    - Staffing requirements;
    - Other resource requirements (e.g. heating, lighting, insurance);
    - Past performance;
    - SLA and contracts; and
    - DfE Funding Agreement.

- Once the academy has an idea of its needs, budgets can start to be prepared and developed. Development of the budget will include:

    - Estimating income & expenditure;
    - Evaluating options and looking at various scenarios;
    - Finalising the budget; and
    - Monitoring and reviewing the budget.

4.4. Finalising the Budget

- The DfE will inform academies of their budget allocation in Spring term prior to the start of the new financial year commencing 1st September each year.
- The CFO is responsible for preparing the individual central trust budget and the consolidated trust budget for approval by the board of trustees in sufficient time to ensure that the overall trust budget is filed with the DfE by the published deadline. This ensures compliance with the ATH.
- The board of trustees must approve a balanced budget for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.

  The academy trust must submit to DfE, in a form specified by DfE:

- an Academies budget forecast return (BFR) in accordance with deadlines published annually

- This must be approved by the trustees before submission.

- Budget setting – The board must ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets. It should challenge pupil number estimates as these will underpin revenue projections.

- Once approved the budget must be communicated by the CFO and headteachers to all the various budget holders within the academy so that everyone is aware of the overall targets and their part in helping to achieve them.

4.5. Capital Expenditure

- Devolved Formula capital (“DFC”) gives academies direct funding to help support the capital needs of their buildings and curriculum ICT equipment. In general, this funding should be invested in the priorities agreed locally. It can be rolled forward for up to 3 years (with year one being the year payment is made) to enable larger projects to be planned. This allocation is usually received from the DfE in June each year.

4.6. Cash flow forecasting

- The Trust has historically operated individually school bank accounts and is currently undergoing a phased transition to close individual bank accounts, resulting in some school still currently operating individual accounts.
- For those schools still operating individual bank accounts, the headteacher at academy level is ultimately responsible for ensuring that there is sufficient cash within the bank account to cover relevant expenditure.
- The CFO at central trust level is responsible for ensuring that there is sufficient cash within the bank account to cover relevant expenditure.
- For those schools operating their own bank account, it is expected that the day-to-day management of the bank accounts will be delegated to the SBL at academy level. The trust can provide a Cash Flow Template to assist with the management of the bank accounts.
- The trust has no overdraft facilities in place as this is prohibited by the ATH and

therefore the trust and its constituent academies must not be overdrawn on any of their bank accounts.
- Where an academy forecasts that it will be entering into an overdrawn position in the near future (less than 6 months) the headteacher must communicate this to the CFO along with a copy of the completed Cash Flow Template.
- The CFO, who may decide to consult with the CEO and board of trustees, will decide upon the next course of action and this may involve issuing a Notice of Concern (see s1.15).

4.7. Financial reporting – school level

- The accounting and budget software can be used to produce a range of reports to assist with the financial reporting process.
- The financial reporting deadlines are set out in the Finance Annual Planner.

- The trust has created a Month End Pack ("MEP") template that must be used and completed by each academy and the central trust on a monthly basis. The MEP ensures that the accounts across the trust are produced in a consistent format and using the accruals basis. The key elements of this MEP are:

    - Reconciliation of control accounts
    - Reconciliation of key income and expenditure categories;
    - Schedules for accruals, prepayments, accrued and deferred income

- It is the Headteacher/Executive Headteachers responsibility to ensure that a monthly budget monitoring report is produced within the published deadlines via the Trusts Budget Software, IMP. It is the SBL's responsibility to produce this report, which is then reviewed and discussed with the Headteacher before being submitted to the Central Finance Team for review. Budget monitoring reports include:

    - Budget monitoring against the agreed budget and including a forecast position as at the end of the current financial year; and
    - Notes explaining material variances to the agreed budget.

- At academy level, the BMR for the prior month must be presented by the SBL to the headteacher by no later than the 15th working day of the following month (e.g. BMR for June to be presented and discussed with the headteacher by 15th working day of July).

- Regular budget monitoring reports should be submitted to the LTC at least three times per year, in Autumn, Spring and the summer terms. Budget Monitoring Reports (BMR's) are produced at school level each month and therefore can be shared more frequently if required.

4.8. Financial reporting – central trust

- The Finance manager prepares management accounts every month setting out its financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors.

- The CFO, supported by the central trust finance department, is responsible for reviewing each academy's information and preparing the MRP for the central trust. They will also then prepare a MRP for the consolidated trust position.

- The trust board and/or designated committee will receive MRP and associated reports for each academy on a monthly basis.

- The trust **must** select key financial performance indicators and measure its performance against them regularly, including analysis in its annual trustees' report as explained in the Accounts Direction.

4.9. Financial reporting – board of trustees

- In accordance with the ATH, the trust must submit relevant information to enable the board of trustees to obtain assurance over the financial management and governance of the trust.

- The trust must prepare management accounts every month setting out its financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors. Managers must take appropriate action to ensure ongoing viability.

- Management accounts must also be shared with trustees every month.. The board must consider these when it meets. The board must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

- It is the responsibility of the CEO, supported by the CFO, to ensure that the information the Trustees receives is:

    - Relevant;
    - Timely;
    - Reliable; and
    - Understandable.

4.10. Borrowing

- In accordance with the ATH s5.33, the trust may borrow money only with the written permission of the Secretary of State. The Secretary's general position is that academies will only be granted permission in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Academies are allowed to use any scheme that the Secretary of State has said is available to academies without specific approval.

- To ensure the trust complies with the ATH, an academy or the central trust must not enter into any borrowing arrangement without the prior approval of the board of trustees.

- The board of trustees are responsible for obtaining prior approval from the Secretary of State before the trust can enter into any borrowing arrangements except for those schemes that the Secretary of State has said is available to academies without specific approval.

4.11. Fraud

- In accordance with the ATH s6.8 the trust does not tolerate fraud. Where instances of fraud are found the Accounting Officer and CFO must be notified immediately.
- It is the responsibility of the CEO to notify the board of trustees and the DfE of any instances of fraud in line with the reporting requirements published in the ATH.

4.12. Right of access to information

- Where requests are received for the right of access to information, it is the responsibility of:

    - The headteacher, supported by the SBL, at academy level; or
    - The CFO at central trust level;

  To respond to such requests in an efficient and timely manner.

4.13. Publications on website

- It is the responsibility of the CFO to ensure that the trust web site contains the most up to date financial information and governance documents as required by law and regulations.
- Where required the CFO will request information from each academy to fulfill this responsibility and it is the responsibility of the headteacher, supported by the SBL, to respond in an efficient and timely manner.
- At academy level, it is the responsibility of the headteacher, support by the SBL, to ensure that the academy web site contains the most up to date financial information and governance documents as required by law and regulations.

4.14. Insurance

- It is the responsibility of the board of trustees to ensure that all risks of the trust are reviewed annually and a risk register is maintained and updated on a regular basis.

- All academies must purchase the RPA scheme run by the Government Each school must consider whether to insure risks not covered by the RPA.

- The trust and its constituent academies will not give any indemnity to a third party without the written consent of its insurers.

- The trust and its constituent academies must immediately inform its insurers of all accidents, losses and other incidents, which may give, rise to an insurance claim.

- Insurance arrangements will cover the use of academy property, for example musical instruments or computers, when off the premises (as long as the item being taken is for work purposes).

4.15. DfE Grants

- Grant Income is received monthly from the DfE and this is received into trust's bank account.
- The CFO is responsible for checking the income received matches to the GAG remittance received.
- All grants received from the DfE must be spent on its intended purpose and in accordance with the grant conditions detailed on the DfE website. Details of grants allocations and how it was spent must also be published on the academy website for the following grants;

    - Pupil Premium Grant (PPG);
    - Sport Premium Grant (SPG); and
    - Inclusive Mainstream Fund (IMF)

4.16. Other grants

- It is recommended best practice that a department is created in the finance system and all income and expenditure in relation to this grant is assigned to the department. A report can then be extracted from the finance system to enable the academy to monitor the grant as part of the monthly monitoring process.
- It is the responsibility of the SBL at academy level and the CFO at central trust level to review all associated grant conditions to ensure it is spent on its intended purpose and within the correct timeframe.

- The SBL at academy level must be aware of any claw back conditions on the grant and notify the CFO as soon as any possible claw back arises. This will ensure that the CFO can assess if there is any possibility of utilising all of the grant and avoiding any claw back. The CFO is responsible for being aware of any such conditions of central trust grants.

4.17. Online parent payments

- If an academy uses a third party provider to receive online parental contributions a detailed report from the online payment system which details what income has been received and for what purpose should be obtained on a regular basis. It is the responsibility of the SBL to ensure that this type of income is entered onto the finance system on a weekly basis.

4.18. Balances on conversion to an academy

- For new schools who have converted to academy status it is the responsibility of the headteacher, supported by the SBL, to ensure the carried forward balances proposed to be received on conversion from the local authority are as expected.
- It is the responsibility of the headteacher to confirm the balance with the local authority prior to receiving payment. Where there is a discrepancy, the headteacher is responsible for resolving this with the local authority. The headteacher must also immediately inform the CFO of this discrepancy and ensure regular communication with the CFO on the progress of the dispute.

5. Collection of Outstanding Debts

5.1. Debt recovery procedure

- Customers must be monitored fortnightly to ensure that invoices are not overdue. This monitoring is the responsibility of the SBL at academy level and the finance department at central trust level.
- The procedures will apply to all of the academy's debtors irrespective of the source.
- Any customer that has been contractually invoiced but the invoice remains unpaid 30 days after the invoice date must be sent an account statement, which can be generated from the finance system, and overdue account reminder to pay.
- Where a sales invoice still outstanding 60 days after the invoice date an account statement from the finance system and a second letter of outstanding account reminder will be sent. Upon issuing the reminder, the customer must be tried to be contacted by telephone to establish the reasons for non-payment. Any conversation or correspondence must be logged. The debt will also be reported to the headteacher at academy level of the CFO at central trust level.
- Where a sales invoice is still outstanding 90 days after the invoice date a warning letter will be issued by the SBL at academy level or the CFO at central trust level. The customer must also be placed on hold as not to allow further debt to occur. The SBL must ensure the headteacher and CFO have been informed of these actions. At central trust level the CFO must inform the CEO of any such actions.
- Where a sales invoice is still outstanding 120 days after the invoice date the debt must be referred to CFO who will instruct the central trust finance department to create a bad debt provision. The CFO, upon discussion with the headteacher of the academy will then either;

    - Issue a final demand and may include an intention of court action; or

Authorise or, seek authorisation where over the DfE threshold, for the debt to be written off.

5.2. Staff debts

Overpayments of salaries will normally be recovered through the payroll.
If the member of staff has left the employment of the Trust and owes a debt, an invoice should be raised within the financial management software immediately, and be pursued following the debt recovery processes outlined in this document.

5.3. Provision of bad debts

- In accordance with the debt recovery procedure, after an invoice remains unpaid for 120 days the CFO will instruct the central trust finance department to create a provision for 100% of the amount owed. This will be included as a bad debt and reported in the MRP.
- If the debt is recovered then the CFO will instruct the central trust finance department to reverse the bad debt provision accordingly.

5.4. Bad debt write offs

- Writing off bad debts is a non-routine function, and all practical means will be undertaken to recover outstanding amounts due to the trust and its constituent academies before this action is taken.
- Debts will be written off when the recovery procedures have proved unsuccessful

and the customer is unwilling to pay the amount due and further action is either not cost effective or highly unlikely to succeed.

- The approval limits for writing off bad debts are detailed in Appendix 1
- Before the decision is made to write off the debt the following must be considered:

    - The cost of recovery action against the amount of the arrears being pursued;
    - The likelihood of success i.e.
        - Is it a small or large business / company;
        - Is it reasonable to assume that they have the funds available to pay the outstanding debt;
        - Is the customer still contactable;
        - What was the cause of non-payment;
        - Were the debt recovery procedures stipulated in s6.1 followed; and
        - Could there be any reputational risk to the trust if more severe action is taken (e.g. court action).

- In accordance with the ATH s5.19 the trust must obtain DfE's prior approval for writing off debts and losses exceeding the below delegated limits (subject to a maximum of £250,000):

    - 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
    - Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years; and
    - Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

- In circumstances where the above limits apply, it is the responsibility of the board of trustees, supported by the CFO, to obtain prior approval from the DfE before any communication is made to the customer of such action taking place.

5.5. Accounting for write offs

- Once a debt has been approved to be written off an adjustment is to be made in the finance management system by a Central Finance Team member. The adjustment will record the value, reason and the approval of the write off.

5.6. Service Level Agreements

- Where any service level agreement is to be entered in to, this must be authorised and signed in accordance with the Scheme of Delegation. It is expected that only the headteacher would be able to sign all such documents at academy level and the CFO at central trust level.

- Before entering in to such an agreement, it is the responsibility of each academy and the central trust respectively to ensure that the relevant procurement procedures have been followed and documented.

5.7. Travel and subsistence claims

- Where expenditure is incurred by an employee or LTC member in relation to the charitable activities of the trust then this expenditure can be reimbursed to the employee in accordance with the **Expenses Policies** of the trust.

5.8. Leases

- In accordance with the ATH the trust and its constituent academies are not able to enter in to finance leases without prior approval from the DfE.
- In order to comply with the ATH the academy or central trust will not enter into any financial agreement with lease or capital implications without the approval of the board of trustees, including operating leases.
- Where the trust or one of its constituent academies wishes to enter in to a finance lease, it is the responsibility of the board of trustees to obtain the necessary approval from the DfE. The lease agreement must not be entered in to until such approval has been obtained and communicated.
- Trusts must ensure any lease maintains the principles of value for money, regularity and propriety.

5.9. Related Party Transactions

The board of trustees must ensure requirements for managing related party transactions are applied across the trust. The board chair and the accounting officer must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

Trusts must recognise that some relationships with related parties may attract greater public scrutiny, such as:

- transactions with individuals in a position of control and influence, including the board chair and accounting officer
- payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- relationships with external auditors beyond their duty to deliver a statutory audit.

- Trade with any party that falls within the definition of a connected party in s1.11 must be subject to more stringent procurement procedures to ensure compliance with the ATH s5.35.
- It is the responsibility of the headteacher at academy level and the CFO at central trust level to ensure that the procurement process is compliant with the relevant sections of the ATH.
- Following the completion of the procurement process, and prior to any trade being placed with a connected party, approval must be obtained from the board of trustees. This approval aims to ensure that:

- An even-handed approach has been followed;
- Performance measures are clearly defined; and
- At cost requirements have been met where applicable.

- Trusts must publish on their websites relevant business and financial interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individuals named on the register.

5.10. Novel and contentious transactions

- In accordance with the ATH novel, contentious and/or repercussive transactions must always be referred to DfE for approval, and the request must be made to the DfE before the transaction occurs.

- The DfE may also need to refer such transactions to HM Treasury for approval and so sufficient time should be allowed for proposals to be considered.

- As defined by the ATH

    - Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.
    - Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.
    - Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach.

- Any such expenditure that meets the definition must have prior approval from the board of trustees. It is therefore the responsibility of the headteacher at academy trust level and the CFO at the central trust level to obtain such approval to allow sufficient time for proposals to be considered.

5.11. Irregular transactions

- Irregular transactions are transactions that do not form part of the charitable activities of the trust such as an employee using academy funds for personal expenditure and any such expenditure is strictly prohibited.

- Where any such expenditure has occurred, this must be reported to the CFO within 24 hours of having been identified who will then determine the appropriate course of action.

- The board of trustees must also be made aware of any such expenditure at the earliest convenience.

6. Banking

6.1. Access to the online banking system

- The trust is responsible for selecting the banking institution and negotiating the terms and conditions.

- If an employee at an academy requires setting up as a user on the online banking system, or any changes are required to their existing user's access and permissions, this process is managed by the CFO or Central Finance Manager.
- Once an employee leaves an academy, they must be removed from the online banking with effect from the employee's last day of work. It is the Headteachers responsibility to notify the CFO or Finance Manager by email as soon as they become aware of such an instance (e.g. employee gives formal notice of leaving employment). The CFO or Finance Manager will then action the request as appropriate and provide confirmation to the headteacher once completed.
- The stipulations set out also apply to any employees leaving the central trust but it is the responsibility of the employees line manager to inform the CFO within the same timeframes as stated.
- Where there has been a change in the CFO, any changes in user access to the online banking system and authorised signatories must be authorised by the CEO to then be actioned by the CFO.
- Where there has been a change in the CEO, authorisation must be provided by the Chair of the board of trustees to the CFO by email. The CFO will then the request as appropriate and provide confirmation to the Chair of the board of trustees once completed.
- The CFO reserves the right to make any necessary enquiries in to such requests and refuse any requests if deemed appropriate. The issuer of the request will receive communications within 48 hours justifying the reasons for any such action.

6.2. Cash and cheque deposits

- Cash and cheque deposits should be banked immediately using a paying-in slip provided by the Trusts Central Finance Team.
- Cash deposits should be checked and initialed by two members of staff.

6.3. Payments and withdrawals

- All cheques and other instruments, such as online payments like BACS, authorising the withdrawal from any of the trust bank accounts will bear two signatures from the authorising signatures/electronic signatures in line with the Scheme of Delegation.

6.4. Direct debits and standing orders

- It is the responsibility of the CFO or Finance Manager to agree any direct debit arrangements.
- Direct debits must be reconciled on a monthly basis by the SBL as part of the bank reconciliation process (see s5.7).
- Standing orders are prohibited by trust and therefore no such arrangements must be entered into.

6.5. BACS payments

- BACS is the preferred method for paying Accounts Payable Purchase Invoices.

- At academy level it is the SBL's responsibility to prepare weekly BACS payments.

- At trust level it is the Finance Manager's responsibility to prepare weekly BACS payments.

- The Accounts Payable, PAY AP Purchase Invoices process should be followed.

- Two authorised members of staff will complete the authorisation process within the banking portal.

6.6. Other online payments:

- **Faster payments** are most commonly used in the monthly third party payroll paying over payments. All faster payments require dual authorisation within the banking portal.

- Where a **CHAPS** payment is required this must be approved by the CFO or Finance Manager as part of the dual authorisation within the banking portal.

- **Foreign currency payments** must be approved by the CFO or Finance Manager as part of the dual authorisation within the banking portal.

- **Foreign currency cash** can be requested via the TravelLink facility within the banking portal and approved by the CFO or Finance Manager as part of the dual authorisation. It is the responsibility of the SBL at the requesting school to account for all of the cash with receipts.

6.7. Bank/Charge Card reconciliations

- The SBL at academy level or the CFO at central trust level must ensure that reconciliations are carried out each calendar month by the 5th working day of the next calendar month (e.g. bank reconciliation for June to be completed by the 5th working day of July). Reconciliation procedures must ensure that:

    - All bank accounts are reconciled to the cash book, detailing any unreconciled items.
    - Signed and dated by the preparer;
    - Reconciliations must reviewed by the headteacher or the CFO, Finance Manager or Senior Finance Officer's and are signed and dated by that individual; and
    - Adjustments arising are dealt with promptly.

7. Cash handling

7.1. Petty cash

- The trust does not operate a petty cash system.

7.2. Cash receipts

- Cash receipts must only be received by the school office, counted and a physical receipt given in return. No other employees will accept cash, except for the headteacher in the absence of the school officer.

- This receipt must then be recorded on a separate physical banking record sheet and kept in the safe until ready to bank. Banking must occur weekly.

- Amounts stored within the safe must be within the insurance limit at all times. At no point will cash be left unattended outside of the safe.

- When the cash is ready to be banked each week, the cash will be removed from the safe, counted by two individuals and reconciled to the banking record sheet (signed and counter signed). A deposit slip will then be completed matching the amount on the banking record sheet and placed in a sealed envelope back in the safe until either physically banked or collected via a cash collection service.

8. Payroll

8.1. New contracts

- Payroll forms the largest element of the school budget and it is therefore essential that financial procedures and internal controls in relation to payroll are properly implemented.

- All payroll transactions relating to trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.

- Each academy within the trust and the central trust will act in accordance with the Teachers', Support Staff and Central Team pay policies.

- The HR section of the Trust's scheme of delegation sets out the responsibilities and authority for school and trust staffing structures. Examples include:

  - Determine the trust executive team staffing structure, it is the responsibility of the CEO to recommend to the Trust Board and the Trust Board to decide.
  - Determine school staffing structure, it is the responsibility of the Headteacher to consult with the Local Trust Committee, Headteacher to recommend to the CEO and the CEO to decide.

- It is the responsibility of the headteacher at academy level and the CFO at central trust level to:

  - Action, when authorised (as per the scheme of delegation) any new appointments for temporary or permanent employment;
  - Inform payroll of any new employee appointments as soon as possible and prior to the new employee start date; and
  - Inform the SBL at academy level or HR at central trust level of any new employee contracts as soon as possible or at the latest before the start date.

- The SBL at academy level and the finance department at central trust level are responsible for updating the new employee contract details on a timely basis on:

- The budgeting software

8.2. Changes to contracts

- The HR section of the Trust's scheme of delegation sets out the responsibilities and authority for changes to staffing structures and salary changes including (but not limited to) pay progression and pay awards.

- For changes to academy staffing structures, it is the responsibility of the Headteacher to complete a **Staffing Change Request** form, to recommend a change to the academy staffing structure to the CEO and the CEO to decide.

- It is the responsibility of the headteacher at academy level and the CFO at central trust level to:

    - Action, when authorised (as per the scheme of delegation) any changes to contracts;
    - Inform payroll of any changes to contracts in line with the published payroll deadlines.
    - Inform the SBL at academy level or the HR department at central trust level of any changes to contracts.

- The SBL at academy level and the finance department at central trust level are responsible for updating the changes in contract details on a timely basis on:

    - The budgeting software

- The SBL at academy level and the CFO at central trust level are also responsible for keeping the HR system up to-date to ensure compliance.

8.3. Claims for additional hours

- Claims for additional hours can form a significant cost for the trust and therefore need to be monitored closely and on a regular basis.

- Where additional hours need to be claimed by an employee they must complete an **Additional Hours Claim Form,** using the template provided by the trust**,** for the preceding month which must be authorised, signed and dated by the employees line manager. This needs to be completed and passed on to the headteacher at academy level or the CFO at central trust level by the 5^{th} working day of the month, as per the published payroll deadlines. The completed Additional Hours Claim Form will include:

    - Hours to be claimed each day;
    - Reasons for additional hours;
    - Signed and dated by the individual making the claim; and
    - Signed and dated by the employee's line manager.

- It is the responsibility of the headteacher at academy level and the CFO at central to trust level to communicate any claims for additional hours to:

    - The payroll provider; and

    - The SBL at academy level or the finance department at central trust level.

- Alternatively, additional hours can be claimed through the HR system, where the supporting information and approval will be recorded. The monthly output report will be submitted to payroll by the SBL at academy level and the central HR team by the published payroll deadline.

- Any additional hours claimed after this deadline will not be processed until the following month.

8.4. Staff absence

- Payroll must be notified of any staff absence using the absence recording function within the HR system and in accordance with the agreed responsibilities defined within that system.

8.5. Checking payroll reports

- The SBL at academy level and the CFO at central trust level are responsible for ensuring that the payroll reports:

    - Include only bona-fide employees;
    - Include employee details which are in accordance with their conditions of employment;
    - Deductions, including income tax, national insurance and pensions, are properly administered;
    - Payments that are to be made are only in respect of services provided to the academy; and
    - Include only amendments to the payroll which have properly processed and authorised such as contract changes and claims for additional hours.

  The SBL at academy level and the Finance Manager at central trust level must use the payroll reconciliation function of the budgeting software to perform the payroll checks and to evidence that these checks have been completed.
- The headteacher at academy level and the CFO at central trust level must review the checks performed and variances to the budget. The SBL will then confirm to the central trust that all checks have been completed for their school, to enable the CFO to complete the payroll BACS authorisation for the entire trust.

8.6. Authorising payroll payments

- Salary payments are set up with the payroll provider and paid by BACS each month, on receipt of a BACS authorisation form signed by the CFO, or in their absence by a member of the trust's executive team. The payroll BACS authorisation deadline is as per the finance annual planner.

- All payroll checks must be completed and confirmed by the SBL at academy level and the CFO at central trust level before authorisation can be given to the payroll provider to make the salary payments.

- The headteacher at academy level is responsible for ensuring that the appropriate checks have been completed and communicated to the central finance team, as per the published deadline, so that the CFO can approve the BACS authorisation in sufficient time for the payroll provider to process the salary payments.

- The CFO at central trust level is responsible for ensuring that the relevant monthly payments to HMRC and pension funds for the previous months liabilities are made within the following deadlines:

    - Teachers' pension by the 7th of each month.
    - Local government pension scheme by the 19th of each month.
    - Unison fees by the 19th of each month.
    - Other payroll deductions i.e. court orders by the 19th of each month.
    - PAYE and NIC to HMRC and other deductions by the 22nd of each month.

- Advance of salary – any advance must be approved by the CFO.

8.7. Processing payroll journals

- The trust's payroll provider will provide the central trust with a breakdown of the transactions including employers costs, by employee, contract category (e.g. teaching staff, administrative staff) and entity. The central finance team will post the payroll journal within the finance management system on a monthly basis.

8.8. Staff severance and compensation payments

- The ATH refers to redundancy and settlement agreements as "special payments". They are non-statutory or non-contractual payments and so need to be subject to greater control than other payments.

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

- If an academy or the central trust is considering making any such payments above the statutory or contractual entitlements, then to comply with the ATH the headteacher at academy level or the CEO at central trust level must present a business case to the board of trustees which considers the following issues:

    - That the headteacher and LTC at academy level or the CFO and CEO at central trust level reasonably consider the proposed payment to be in the interests of the trust;
    - Whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the

case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the trust is likely to be successful, then a settlement should not be offered; and
    - If the settlement is justified, the trust 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.

- Non-statutory or non-contractual transactions along with a business case must always be referred by the headteacher at academy level or the CEO at central trust level to the board of trustees for prior authorisation before any such payments are made or any binding settlement offer is made to staff and to allow sufficient time for proposals to be considered. This will ensure compliance with the ATH.

- Where non-statutory or non-contractual payments are expected to be £50,000 or more the board of trustees must obtain prior approval from the DfE in accordance with ATH before any binding settlement offer is made to staff.

- The DfE will also need to refer such transactions to HM Treasury and so the board of trustees should allow sufficient time for proposals to be considered.

8.9. Ex gratia payments

- As defined by the ATH ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of HM Treasury's Managing Public Money provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

- Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to academy staff in accordance with the trust's pay and conditions policy would not be ex gratia.

- Ex gratia transactions along with a business case must always be referred by the headteacher at academy level or the CEO at central trust level to the board of trustees for prior authorisation to ensure compliance with the ATH . This is because the trust must obtain prior approval from the DfE for any such transactions.

- It is the responsibility of the board of trustees to obtain prior approval from the DfE.

- The DfE may require HM Treasury approval dependent on the nature of the transaction so the board of trustees should allow sufficient time for proposals to be considered.

- If academies or the central trust are in any doubt about a proposed transaction they should inform the CFO who will seek prior advice from the board of trustees and/or DfE where applicable.

9. Fixed Assets

9.1. Fixed Asset Purchases

- Assets acquired using capital grants need to be authorised in line with the scheme of delegation and the fund / grant used to purchase the asset needs to be detailed on the fixed asset register.

- Assets acquired using revenue funds need to be authorised in line with the scheme of delegation and the fund / grant used to purchase the asset needs to be detailed on the fixed asset register.

9.2. Fixed Asset Register (FAR)

- All items purchased with a value over the trust's capitalisation limit of £5,000, which satisfy the definition of a fixed asset, must be entered in to the academy's fixed asset register at academy level or the central trust's fixed asset register at central trust level.

- The FAR must contain:

    - asset description, date of acquisition, cost, location and category;
    - source of funding;
    - expected useful economic life;
    - depreciation;
    - net book value;

- A review of the FAR must be undertaken by the SBL at academy level and the finance department at central trust level at least annually. Impairments, changes to economic life and disposals should be reported to the central finance team for adjustment. Any discrepancies should be investigated promptly.

- A sample of physical assets versus those on the fixed asset register is tested on annual basis as part of the external audit.

9.3. Disposals

- The fixed asset register must be reviewed monthly by the SBL at academy level and the CFO at central trust level to ensure the continued existence of all fixed assets.

- Where assets have become obsolete or been disposed of they must be recorded as a disposal and accounted for within the finance system.

- Items which are to be disposed of by sale or destruction must be authorised for disposal by the headteacher at academy level or the CFO at central trust level in accordance with Appendix 1, and where significant must be sold following competitive tender.

- If the academy proposes to dispose of an asset, which was purchased with the aid of grant funding, or dispose of any land or buildings, prior approval must be obtained from the CFO.

- In accordance with the ATH prior written approval from the DfE must be obtained for the disposal of freehold land and buildings and it is the responsibility of the board of trustees to obtain this approval.

9.4. Depreciation

- Depreciation must be calculated in line with the trust's depreciation policy as follows:

Asset Group	Depreciation Method
Furniture and Fixtures	10% straight line
Leasehold Land	Over term of Lease
Leasehold Property	2% straight line
Leasehold Improvements	2% straight line
Computer Equipment	25% straight line

Depreciation will be calculated and posted to finance system as part of the month-end process for both school and central trust level budgets.

10. Stock

- Where any academy holds stock of items for re-sale, a stock register detailing stock held must be maintained. This must include the following details;

    - Item Description (including size);
    - Cost per item (A);
    - Quantity of items held (B);
    - Total cost per item (AxB).

- A stock take must be carried out on 31st August each year but it is recommended that it is also carried out at regular intervals during the year.

- It is the responsibility of the SBL to conduct the stock take which includes physical counts against the register. Any discrepancies between the physical count and the register must be investigated promptly and any discrepancies over £250 reported to headteacher and CFO.

- The central trust finance department will process stock adjustments annually for each academy as part of the year-end process.

11. Month end

11.1. Reconciliation of control accounts

- Before any month end reconciliations can be completed it is the responsibility of the SBL at academy level and the CFO at central trust level to ensure that the following transactions types have all been processed for that month where possible:

    - Sales invoices;

- Cash receipts and deposits;
    - Grant and non-invoiced income received direct into the bank;
    - Purchase invoices;
    - Accounts Payable payments;
    - Non-AP payments, for example payroll; and
    - Payroll journal (central trust only).

- It is the responsibility of the SBL at academy level and the CFO at central trust level to ensure the following control accounts have been reconciled to supporting evidence for that month:

    - Accounts Receivable;
    - Other debtors (excluding VAT);
    - VAT debtor;
    - Bank accounts
    - Charge cards
    - Accounts Payable;
    - Payroll control accounts; and
    - Other creditors.

- These control account reconciliations form part of the MEP (see s4.9) and should be completed by the MEP deadline shown on the finance annual planner.

- The finance department at central trust level will review the control accounts of each constituent academy as part of the submission of the MEP (see s4.9)

11.2. Closing accounting periods

- On completion of the month end process it is the responsibility of the SBL at academy level and the CFO at central trust level to close the accounting period within the financial management software for the following sections:

    - Accounts receivable subledger;
    - Accounts Payable subledger and;
    - Cash Management subledger; and

- The closing of accounting periods for these subledgers for part of the MEP process and must be completed by the MEP deadline shown on the finance annual planner.

- It is the responsibility of the finance department at central trust level to close the accounting period for the General Ledger for each academy and the central trust. This must be completed by the MEP approval deadline shown on the finance annual planner.

12. Year end

12.1. Running the year end process

The Year-end procedure is the same as a normal month end process (Period 12 August) and follows the deadlines as published in the Finance Annual Planner.

- It is the responsibility of the finance department at central trust level to ensure a thorough review of all year-end packs has been completed.

- As part of the year-end process the finance department at central trust level will complete the following in preparation for the new financial year.

    - Upload the budget for the new financial year in to the financial management system.

- The finance department at central trust level will communicate to each academy when the process has been completed and their provisional year end closing budget balance.

- Each academy and the central trust can continue to process transactions as normal in the new financial year whilst the year-end process is being completed for the prior financial year.

12.2. Reporting on balances

- Once the trusts financial statements for the year have been signed off by the board and trustees and submitted to the DfE, the CFO is then responsible for communicating to each academy headteacher the final closing balance by no later than the 31st January each year.
- The headteacher of each academy must report this final figure to their LTC at the next available meeting and this must be documented in the minutes.

13. Maintenance of the financial management system

13.1. User access

- Where a new user requires access to the accounting system or an existing user requires different permission the process is the same as those set out in s7.1 for user access to the online banking system.

13.2. Security and back up of data

- The security of an individual's user access details to the accounting system are the responsibility of the individual to whom those details relate to.

- Only that individual must have knowledge of those details and no other individual can use those details to access the accounting system.

- It is expected that once the user has successfully logged in to the accounting system they will be one who then uses the accounting system.

- Data is backed up on a regular basis by the provider of the accounting system and in accordance with the terms and conditions with that provider. It is the responsibility of the CFO to manage the performance of the provider in this respect and deal with any issues that may arise.

13.3. Chart of Accounts (CoA)

- The trust has adopted the DfE's academies chart of accounts (CoA), which is the standard for recording and reporting financial data and underpins the academies accounts return (AR) and budget forecast return (BFR).

14. Taxation

14.1. VAT (Value Added Tax)

- The trust is not currently VAT registered and it is the responsibility of the CFO to review this VAT registration limit of the trust on a regular basis.

- A proper VAT invoice is the only basis on which VAT can be reclaimed. It contains the following elements:

    - The supplier's name, address and VAT registration number
    - The date goods/services were supplied
    - The name and address of the school
    - The goods or services supplied
    - Amount payable excluding VAT
    - Amount of VAT
    - VAT rate

The VAT126 report is automatically generated by the finance management system. It is the responsibility of the School Business Leader (SBL) at academy level to ensure that accurate information is entered into the Trust's financial management system (Sage Intacct). The central finance team is responsible for reviewing this information at Trust level to ensure the overall accuracy of the report. The Chief Financial Officer (CFO), supported by the central finance team, is responsible for submitting the monthly VAT126 claim on behalf of the Trust.

14.2. Corporation tax

- As mentioned previously the trust is both a company and a charity and is therefore subject to corporation tax rules on non-business activities.
- It is the responsibility of the CFO to collate the required information for the corporation tax return and to obtain professional advice where deemed necessary. They are also responsible for ensuring that the corporation tax return is filed with HMRC.
- Where necessary the CFO will request information from each academy and it is the responsibility of the SBL to ensure that this information is accurate and provided in a timely manner.

15. Record Keeping

- All financial transactions of the academy trust are recorded and retained including, but not limited to, the following:

    - Purchases and tenders;
    - Returns;

- Payroll;
- Cash flow;
- Income and expenditures;
- VAT returns.

- The CFO is responsible for keeping up-to-date records of the trust's financial state.

- The SBL for each individual academy is responsible for keeping up-to-date records in relation to the finances of that academy.

- Records will include the following information:

    - Income and expenditure; identifying which transactions were cheques and which were cash payments;
    - The income and expenditure for each activity, with the activity recorded as a budget heading;
    - A balance sheet which identifies total income, expenditure and the balance for each budget heading;
    - The total income and expenditure for the year;
    - The balance and carry forward from the previous year; and
    - Identified profit and loss, any causing concern is investigated.

- Each academy has its own set of financial records for day-to-day operational purposes and budget management.

- All financial records will be kept securely in each individual academy's admin office.

- In accordance with statutory limits, records must be kept for the current year and the previous six years.

Appendix 1 Authorisation Limits

Delegated Duty	Value	Primary Delegated Authority	Secondary Delegated Authority
Requisitions for orders or invoice approval	£0 - £5,000	School Business Lead / Central Senior Finance Officer	Secondary School Business Lead
	£5,001 - £10,000	Executive Head/Headteacher (Primary/Infant and Junior) Secondary SBM	
	£10,001 - £30,000	DDAT Central Finance Manager	DDAT Central Finance Manager/Secondary Headteacher
	£30,000 - £250,000	DDAT CFO or DDAT CEO	DDAT CFO or DDAT CEO
	£250,001 - £500,000	DDAT Finance and Resources Committee	DDAT Finance and Resources Committee
	Over £500,000	DDAT Board	DDAT Board
Quotations and tendering	£10,000 to £50,000	Minimum of three quotes to be obtained (unless justifiable reason for less quotes e.g. only supplier providing a certain product, clear demonstratable value in using certain supplier e.g. knowledge of DDAT) by SBL or Assistant/Deputy/Executive Head/Headteacher	Minimum of three quotes to be obtained (unless justifiable reason for less quotes e.g. only supplier providing a certain product, clear demonstratable value in using certain supplier e.g. knowledge of DDAT) by SBL or Assistant/Deputy/Executive Head/Headteacher
	£50,000 to relevant UK Procurement Threshold (Public Contracts Regulations) limit	Formal tendering process requiring full Academy Finance Committee approval (see DDAT Procurement Policy) or DDAT CFO.	Formal tendering process requiring full Academy Finance Committee approval (see DDAT Procurement Policy) or DDAT CFO.
	Over (Public Contracts Regulations) limit	Advertising required and full DDAT Board	Advertising required and full DDAT Board
Special payments - ex gratia, staff	Up to £50,000	DDAT CFO and DDAT CEO approval (DfE approval also required if ex gratia)	DDAT CFO and DDAT CEO approval (DfE approval also required if ex gratia)

severance and compensation payments	Over £50,000	DDAT CFO and DDAT CEO and DfE approval.	DDAT CFO and DDAT CEO and DfE approval.
Disposal of assets	Up to £2,000	DDAT Finance Manager	DDAT Finance Manager
	Over £2,000	DDAT CFO	DDAT CFO
Bad debt write off	Up to £200	Assistant/Deputy/Executive Head/Headteacher	Assistant/Deputy/Executive Head/Headteacher
	Up to £1,000	DDAT Finance Manager	
	Over £1,000	DDAT CFO, DfE approval required if it exceeds 1% of total annual income or £45,000 (whichever is lower).	
Journal Approval	All journals require approval within the FMS by a Central Finance employee based on the associated journal type. No central employee can approve their own journal.		
Monthly Payroll	The Trust-wide Payroll payments must be approved by the CFO, or a member of the Executive Team in the CFO's absence.		

Please note that all values included within the tables below exclude the VAT cost.

No individual may initiate and approve the same transaction. Appropriate segregation of duties must be maintained at all times.

Approval limits do not override procurement requirements; both must be complied with.

Appendix 2 Register of Business Interests

Purpose

This register records all relevant business and pecuniary interests of Members, Trustees, Local Governors and Senior Employees to ensure transparency and to manage conflicts of interest in accordance with the Academy Trust Handbook.

Scope

This register applies to: Members; Trustees; Local Governing Body members; Accounting Officer and Senior Leadership Team; Staff with financial decision-making authority.

Definition of Business Interests

Business interests include directorships, partnerships, employment, ownership or shareholdings, trusteeships, family relationships with suppliers, and any financial interest in organisations providing services to the Trust.

Register

Namer of Individual	

Name of Business	Nature of Business	Nature of Interest	Date of Appointment or Acquisition	Date of Interest	Date of End of Interest

Declaration

I confirm that the above information is complete and accurate to the best of my knowledge. I agree to notify the Trust of any changes to my business interests as soon as they arise.

Signature: ______________________

Date: __________________________