

SCHOLARS ACADEMY TRUST

Fulfilling every child's potential

Finance Policy

Policy created: March 2021

Review date: September 2023

Signed..........

Chair of Trustees

Date: 29/11/22

Section 1 – BASIC CONTROL PRINCIPLES

1. Introduction

- i. The purpose of this document is to ensure that Scholars Academy Trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Academy Trust Handbook and the Trust's funding agreement with the Education and Skills Agency.
- ii. Nothing in the document overrides the guidance in the Academy Trust Handbook, and all delegated authorities must comply with the financial freedoms and limits set out in Section 5 of the Academy Trust Handbook. Any transactions outside the limits must have prior approval from ESFA.
- iii. Should the ESFA intervene via formal sanctions in the form of issue a Notice to Improve (NtI), the Trust will comply with Section 6 of the Academy Trust Handbook and all requests for information from ESFA / NAO.
- iv. This document sets out the financial responsibilities of Scholars Academy Trust and explains how the responsibilities are delegated to relevant parties. The policy must be read in conjunction with the Academy Trust Handbook and associated guidance.
- v. The following Trust policies are linked to this document:
 - Pay Policy
 - Remuneration and Expenses Policy
 - Whistleblowing Policy
 - Anti-Fraud and Corruption Policy
 - Cybercrime and IT Security Policy
 - Business Continuity Plan
 - Charging Policy
 - Risk Management Policy and Risk Registers
 - Reserves Policy
 - Investment Policy
 - Strategic Delegated Decision Making

2. Financial Governance

- i. The Trust will maintain budgeting and financial controls which:
 - Comply with the Academy Trust Handbook, the Trust's Funding Agreement with the ESFA and relevant UK legislation;
 - Support the Trust's commitment to manage their affairs in accordance with the seven principles of public life, the Nolan Principles:
 - Selflessness
 - Integrity
 - Objectivity

- Accountability
 - Openness
 - Honesty
 - Leadership.
- ii. Under the Articles of Association of Scholars Academy Trust, Trustees may delegate to any Trustee, Committee, Governor, Chief Executive or any other holder of an executive office such of their powers or functions as they consider desirable to be exercised by them. Any such delegation may be made subject to any conditions the Trustees may impose and may be revoked or altered. The Trust overall responsibility for financial affairs cannot be delegated.
 - iii. Where any power or function of the Trust has been exercised by any committee, that person or committee shall report to the Trust in respect of any action taken or decision made exercising that power of function at the meeting of the Trust immediately following the action or decision.
 - iv. The Trust may establish any committee to exercise powers and functions of the Board. The constitution, membership and proceedings of any committee of the Trust shall be determined by the Trustees.
 - v. The establishment, terms of reference, constitution and membership of any committee of the Trustees shall be reviewed at least once in every twelve months. The membership of these committees may include persons who are not Trustees, provided that a majority of the committee members are Trustees. The Trustees may determine that some or all of the non-Trustee members of a committee shall be entitled to vote in any proceedings, however no vote can take place unless the majority of those present are Trustees.
 - vi. There are currently three committees:
 - Finance and Personnel;
 - Education;
 - Audit and Risk.

The Trustees can agree, by a majority consensus, to introduce additional committees if the need arises.

- vii. Trustees have agreed Terms of Reference for Local Governing Bodies. This section is published on the Trust and School websites.

3. Fraud, theft, irregularity and cybercrime

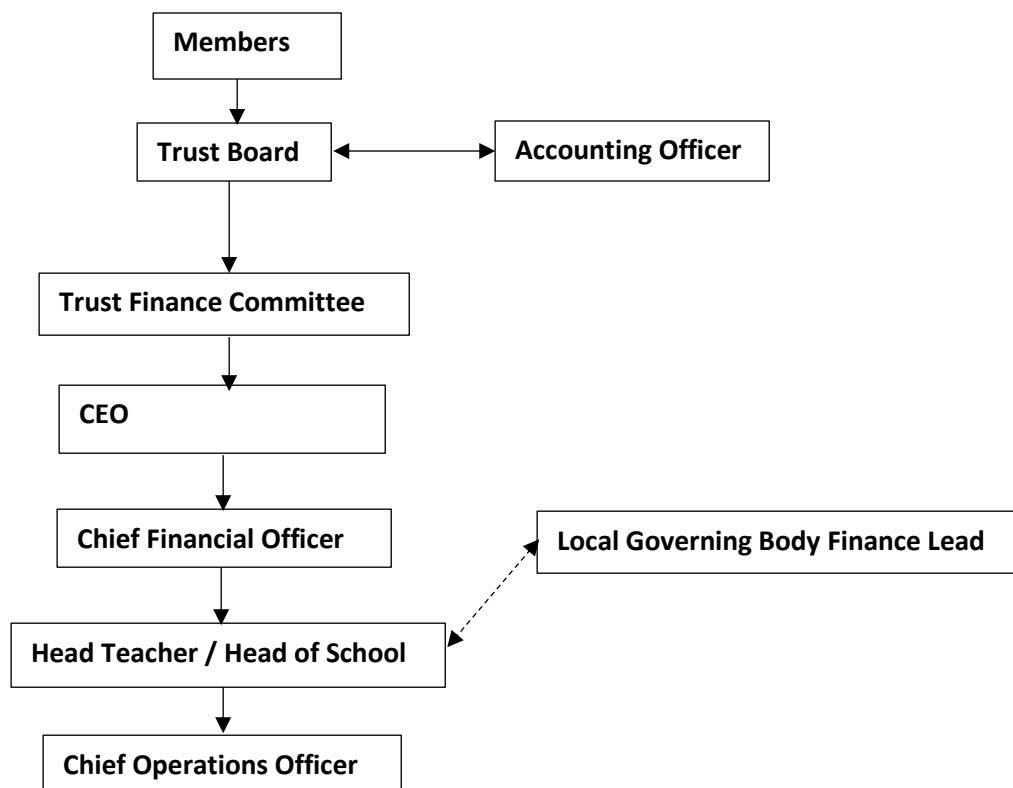
- i. Trustees are committed to ensuring the Trust acts with integrity and high standards of personal conduct and have agreed the Anti-Fraud and Corruption Policy and IT Security Policy.
- ii. It is the duty of all employees, Governors, Trustees and Members to take reasonable steps to limit the possibility of corrupt practices.
- iii. The measures outlined in the policy will be reviewed by the Internal Auditor who will report to the Audit and Risk Committee at least once per financial year.

4. Related Party Transactions

- i. Trustees comply with their statutory duties as company directors to avoid conflicts of interest, do not accept benefits from third parties and declare any interest in proposed transactions or arrangements.
- ii. All Members, Trustees, Governors, Senior Staff, Budget Holders and staff with procurement decision making responsibilities complete the register of business and pecuniary interests on an annual basis, which is published on the relevant Trust websites.
- iii. No Member, Trustee, Governor, employee or related individual or organisation will use their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- iv. Transactions with related parties will be even handed and at no more than cost.
- v. The Trust will comply with the Academy Financial Handbook's reporting requirements for Related Party Transactions.

Section 2 – Scheme of Delegation

5. Finance Decision Making Hierarchy



6. Members

- i. Scholars Academy Trust has members who have a similar role to shareholders of a company limited by shares. The Academy Financial Handbook summarises their powers as being able to:
 - Amend the Articles of Association subject to any restrictions created by the funding agreement or charity law;
 - Appoint new members or remove existing members;
 - Appoint trustees as set out in the Trust's Articles of Association and powers under the Companies Act 2006 to remove Trustees;
 - By special resolution, to issue direction to the Trustees to take a specific action;
 - Appoint the Trust's external auditor at the AGM;
 - Receive the annual report and financial statements;
 - Change the company's name and, ultimately, wind it up.
- ii. Members cannot be employees of the Trust, nor occupy staff establishment roles on an unpaid voluntary basis.
- iii. To ensure separation of duty, the majority of Members should NOT be Trustees.

7. Trustees

- i. The Trust board is responsible for ensuring that high standards of corporate governance and financial management are maintained. It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Trust, addressing such financial and non-financial matters as:
 - Ensuring that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable;
 - Taking a longer-term view of the Trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA;
 - Explaining its policy for holding reserves in its annual report;
 - Approval of annual budget, which must be balanced;
 - Approval of Academies budget forecast return three year each July; Ensuring scrutiny of budget management and financial performance;
 - Review management accounts at each meeting and minute the discussion;
 - Review of the risk register at least annually;
 - Policy development and strategic planning, including target-setting to keep up momentum on school improvement;
 - Holding executive leaders to account for the educational performance of the organisation and its pupils and the performance management of staff;
 - Ensuring sound management and administration of the Trust, and ensuring that managers are equipped with relevant skills and guidance;
 - Ensuring, by taking advice from the Audit and Risk Committee, that there is an appropriate, reasonable and timely response by the Trust's management team to findings by external and internal auditors;

- Ensuring management take opportunities to strengthen systems of financial management and control;
 - Ensuring compliance with legal requirements;
 - Establishing and maintaining a transparent system of prudent and effective internal controls;
 - Management of the Trust’s financial, human and other resources;
 - Monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon;
 - Helping the Trust be responsive to the needs of parents and the community and making it more accountable through consultation and reporting;
 - Setting Trust standards of conduct and values;
 - Ensuring submission of all returns to ESFA and other statutory bodies on time and to the required standards;
 - Assessing and managing risk (including preparation of a statement on Trust risk management for its annual report and accounts).
- ii. In all transactions, the Trustees will apply the highest standards of conduct and ensure robust governance; comply with duties as company directors, charity law and the funding agreement.
 - iii. There are some transactions that cannot be approved without prior consent from the ESFA. These are listed in the Academy Trust Handbook, which must be read in conjunction with this scheme of delegation.
 - iv. The Trust board will meet at least three times a year, and only conduct business when quorate.
 - v. The meetings will be minuted by the Governance Professional.
 - vi. The Trust board has agreed a formal schedule of matters reserved for their decision, i.e. those which should not be delegated within the Trust. Beyond this, the board has established separate committees to deal with specific areas of Trust business, and has agreed a Decision Planner and Terms of Reference with delegated responsibilities to ensure matters can be dealt with in appropriate detail and in a timely manner.
 - vii. Where the Board has decided to delegate certain matters for consideration by committees or Local Governing Bodies, each committee is chaired by a Trustee or Governor as appropriate. The delegation requires committees and LGBs to provide adequate feedback to the Board at each meeting on how they have used their delegated authorities, and submit decisions to the Board for formal approval where appropriate.
 - viii. The establishment of committees does not absolve the Trust Board of its overall responsibility to manage the finance and non-finance matters of the academies and the Trust.

8. Finance and Personnel Committee

- i. The Trustees have resolved to establish the Finance and Personnel committee, which will cover Finance, Personnel and Premises. The terms of reference are in Appendix 1.
- ii. Decisions made by the Committee will be reported to the next Board meeting.
- iii. The Finance and Personnel Committee has responsibility for:

- Reviewing the Trust budgets and forecasts and recommending them to the Trust Board for approval;
 - Approving in-year virements;
 - Reviewing budget forecast for the current year and beyond to ensure they are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years;
 - Challenging pupil number estimates as these underpin revenue projections and review these termly;
 - Ensuring an integrated approach to curriculum and financial planning;
 - Ensuring appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income/expenditure;
 - Annual reviews of the following policies/procedures, with recommendations to Board for approval:
 - Pay Policy
 - Remuneration and Expenses Policy
 - Charging Policy
 - Reserves Policy
 - Investment Policy
- iv. The chair and members of the committee must be non-executive members and are appointed by the Trust.
- v. Trustees who are not members of the committee have the right attendance, but do not have voting rights unless agreed by the Trustees in advance. All Trustees will receive minutes of the committee meetings from the Governance Professional.
- vi. The CEO / Executive Headteacher, in their role as Accounting Officer, and the Chief Financial Officer for the Trust will normally attend the meetings. They do not have voting rights.
- vii. The Trustees have determined that the committee must meet a minimum of 3 times per year.
- viii. The Chief Financial Officer will send monthly finance reports to all trustees, to meet the requirements stated in the ATH, which are an income and expenditure account, variation to budget report, cash flows, key performance indicators and a balance sheet.

9. Audit and Risk Committee

- i. Staff can be in attendance to provide information and participate in discussions.
- ii. The Chair of the Trust cannot be the Chair of the Audit and Risk Committee.
- iii. The Audit and Risk Committee will meet at least three times per year.
- iv. The Audit and Risk Committee has responsibility for:
 - Directing the trust's programme of internal scrutiny, which is informed by the Trust's Risk Register;
 - Ensuring that risks are being addressed appropriately through internal scrutiny;

- Reporting to the board on the adequacy of the trust’s internal control framework, including financial and non-financial controls and management of risks;
 - Reviewing the Risk Management Policy and recommending it to the Board for approval;
 - Reviewing the external auditor’s plan, annual accounts, audit findings and management response;
 - Reviewing the effectiveness of the external auditor and producing an annual report to the Board of conclusions;
 - Reviewing the effectiveness of anti-fraud measures in reducing fraud.
- v. Annual reviews of the following policies/procedures, with recommendations to Board for approval:
- Anti-Fraud and Corruption Policy;
 - Risk Management Policy;
 - Whistleblowing Policy;
 - Conflict of Interest and Related Parties Policy
 - GDPR Policy.
- vi. The committee will agree annually a programme of internal scrutiny, with reference to the risk register, and report to the Trust Board.
- vii. The committee will also have oversight over the financial and non-financial controls and risks at each academy in the Trust.

10. Executive Headteacher

- i. In accordance with the Academy Trust Handbook, the Board has exercised its right to appoint the Executive Headteacher as a Trustee.
- ii. This policy delegates such powers and functions as Trustees consider are required by the senior executive leader for the internal organisation, management and control of the Trust, including implementation of all policies approved by the Trustees and Governors, and the direction of the teaching and curriculum.
- iii. The responsibilities do not need to be discharged personally and can be sub-delegated within the boundaries of the Terms of Reference and Decision Planner.

11. Accounting Officer

- i. The Funding Agreement requires the Trust to identify the CEO / Executive Headteacher as the Accounting Officer. This post confers responsibility for financial and administrative matters, but does not remove the Trustees’ responsibility for the proper conduct and financial operation of the Trust.

- ii. The duties and responsibilities are detailed in the Academy Trust Handbook. In particular, the Accounting Officer must have oversight of financial transactions by:
 - ensuring the academy trust's property and assets are under the trustees' control, and measures exist to prevent losses or misuse;
 - ensuring bank accounts, financial systems and financial records are operated by more than one person;
 - keeping full and accurate accounting records to support their annual accounts.
- iii. This is a vital role as the Accounting Officer is personally responsible to the Trustees for:
 - ensuring regularity and propriety;
 - prudent and economical administration;
 - avoidance of waste and extravagance;
 - efficient and effective use of available resources; and
 - the day to day organisation, Personnel and management of the Trust.
- iv. The Accounting Officer may delegate or appoint others to assist in these responsibilities, but cannot delegate the personal responsibility. With the framework development plan, as approved by Trustees, the CEO / Executive Headteacher has overall executive responsibility for Trust activities, including financial activities.
- v. Each year the Accounting Officer will complete and sign a statement on regularity, propriety and compliance for submission to ESFA with the audited accounts.
- vi. The Accounting Officer will also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.
- vii. The 'Dear Accounting Officer' letter issued by ESFA will be circulated to members, trustees, chief financial officer and the senior leadership team. Arrangements will be made for the Board to discuss the contents.

12. Chief Financial Officer

- i. The Trust has appointed a dedicated Chief Financial Officer (CFO) to whom responsibility for the Trust's detailed financial procedures is delegated. Their duties need not be discharged personally and can be sub-delegated within the boundaries of the scheme of delegation.
- ii. The main responsibilities of the role are:
 - Maintaining a secure overview of the management of all financial issues within each of the Trust's schools;
 - Upholding good governance and ethical behaviour including good accounting practices in the finance function;
 - Ensuring all ESFA and financial statutory returns are authorised appropriately and submitted within the required deadlines;

- Recommend to Trustees appropriate, reasonable and timely responses to findings by auditors;
 - Identify opportunities to strengthen financial management and control, making appropriate recommendations to the Board.
- iii. The Chief Financial Officer must be an employee of the Trust and be appropriately qualified and/or experienced.
- iv. CFOs should maintain continuing professional development and undertake relevant ongoing training.

13. Governance Professional

- i. The Trust has appointed a governance professional to support the board of Trustees. In accordance with the Academy Trust Handbook, the governance professional is not a trustee or Executive Headteacher of the trust.
- ii. The governance professional assists with the efficient functioning of the Board by providing:
- guidance to ensure the board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance;
 - advice on procedural matters relating to the operation of the Board;
 - administrative and organisational support.

14. Internal Auditor

- i. The Trust is required to conduct checks of the operation of the financial and non-financial controls and risk management arrangements that have been established to ensure they are compliant and operating effectively. The trust must deliver internal scrutiny in the way most appropriate to its circumstances. Options include:
- Employing an in-house internal auditor;
 - Bought-in internal audit service;
 - Appointing a non-staff trustee;
 - Peer review from another academy trust.
- ii. The options can be combined to ensure the most appropriate approach.
- iii. Internal scrutiny must be independent and objective, and cannot be performed by the Trust's own Accounting Officer, Chief Financial Officer or other members of the senior leadership team or finance team.
- iv. Any Internal Audit service will not be the same firm which provides external audit services.
- v. The main duties of an Internal Auditor are to provide the Trust with on-going independent assurance that:
- the financial and non-financial responsibilities of the Trust Board are being properly discharged;

- resources are being managed in an efficient, economical and effective manner;
 - sound systems of internal control are being maintained;
 - financial considerations are fully taken into account in reaching decisions;
 - all categories of risk are being adequately identified, reported and managed.
- vi. The Audit Committee will recommend to the Trust Board an annual programme of internal scrutiny, which will be based on the risk register and revised as necessary in response to events.
 - vii. A summary report of areas reviewed, key findings, recommendations and conclusions will be reported to ESFA when the annual accounts are submitted.
 - viii. The arrangements for internal scrutiny will be confirmed in its governance statement and the outcome of the work will inform the accounting officer's statement of regularity.

15. Local Governing Body

- i. Each school has its own Local Governing Body, which is responsible for ensuring clarity of vision, ethos and strategic direction at their individual school within the parameters set out by Scholars Academy Trust.
- ii. Governors hold executive leaders to account for the educational performance of the school and its pupils.
- iii. Local Governing Bodies do not have a controlling influence on financial decisions, but they must be consulted on budget setting and informed of financial performance.

16. Head Teacher / Head of School

- i. The CEO / Executive Headteacher has overall responsibility for the day to day management of school activities including financial activities, however some of the activity has been sub-delegated to Head Teachers / Heads of School. The Decision Planner in Appendix 3 provides full details of how activities have been delegated.
- ii. Headteachers / Heads of School are responsible for drafting the school budget in collaboration with their local finance team and the Chief Financial Officer.
- iii. They will lead the consultation with the Local Governing Body finance lead, and provide feedback on financial performance to the Local Governing Body.

17. Chief Operations Officer

- i. The Trust has appointed a dedicated Chief Operations Officer to co-ordinate and lead business management across the Trust.
- ii. The Chief Operations Officer deputises for the Chief Financial Officer and inherits all the necessary delegated authority in their absence.
- iii. They will:

- Ensure the Trust meets its obligations for publishing information on the website, to include, but not limited to:
 - the number of employees who benefits exceeded £100k, in £10k bandings;
 - the Trust’s governance arrangements;
 - Audited accounts
 - Register of interests.
- Co-ordinate the Trust’s contingency and business continuity planning;
- Ensure adequate insurance cover, which complies with legal obligations;
- Notify DfE via Get information about schools within 14 days of changes in information about members, trustees, local governors, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer.

18. External Auditor

- i. The Trust members are responsible for appointing, in writing, an auditor to certify whether their annual accounts present a true and fair view of the Trust’s financial performance and position.
- ii. The external auditor can be reappointed at the AGM.
- iii. The Executive Headteacher and Chief Financial Officer will review the service each year and bring any concerns to the attention of the Audit and Risk Committee, who will advise members as appropriate.
- iv. The Trust will re-tender the service at least every five years.
- v. Any additional services provided by the external auditor will be covered in a separate letter of engagement.
- vi. The audit contract will include the provision for removing them in exceptional circumstances if members decide through a majority vote.
- vii. If the external auditor is removed or resigns, the Trust Board will notify ESFA immediately and include the reasons.

Section 3 – Financial Management

19. Introduction

- i. The purpose of this section is to ensure that Scholars Trust maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Education and Skills Funding Agency (ESFA) and Department of Education (DfE).

- ii. The Trustees have approved a written scheme of delegation of financial powers (Appendix 2), which is reviewed annually or when there is a change in trust management or organisational structure.
- iii. The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook. This manual expands on that and provides detailed information on the trust accounting procedures and systems. The manual should be read by all staff involved with financial systems within the Trust.
- iv. The key standards to be achieved are:
 - The financial responsibilities of the Trust, its committees, the Executive head, Chief Financial Officer and staff will be clearly defined and limits of delegated authority established;
 - The budget will reflect Scholars and schools prioritised educational objectives as set out in the Academy Improvement/Development Plan, seek to achieve value for money and be subject to regular, effective monitoring;
 - The Trust will establish sound internal financial controls to ensure the reliability and accuracy of its financial transactions;
 - The Trust will ensure that a professional audit of its finances takes place annually and is registered with Companies House. In addition, a regular schedule of internal control audits will take place and that adequate budget provision is made for these services;
 - The Trust will ensure that purchasing arrangements achieve the principles of best value;
 - The trust will benchmark pupil outcomes and educational expenditure to ensure that teaching delivers high quality, cost effective, educational outcomes for pupils;
 - All income due to Scholars and schools will be identified and collected. Collections will be receipted, recorded and banked promptly;
 - The Trust will properly control the operation of bank accounts and reconcile bank balances with the accounting records;
 - There will be efficient procedures in place for the administration of personnel matters, including payroll where applicable;
 - The schools will limit the use of petty cash;
 - The Trust will ensure that it complies with VAT and other applicable tax regulations;
 - Stocks, stores and other assets will be recorded and adequately safeguarded against loss or theft;
 - The Trust will be adequately insured against exposure to risks;
 - The Trustees and Executive Principal will be satisfied that they are meeting the requirements of the Data Protection Act 2018 and any subsequent regulations and amendments.

20. Staff responsibilities

- i. All staff are responsible for the security of Trust property, avoiding loss and damage, and ensuring efficiency and economy when managing resources.
- ii. Staff with specific financial responsibility are required to read the finance policy and sign to confirm they have received a copy on appointment and at the start of each financial year.
- iii. Senior staff and staff with financial authority are required to declare any conflicts of interest, including for any related parties. Potential conflicts must be declared to the Chief Operations Officer at the beginning of each academic year and immediately should a new conflict arise. If a transaction creates a potential conflict of interest, this should be discussed with the Chief Financial Officer before authority and/or commitment takes place.

21. Finance System

- i. All financial transactions must be recorded in the Trust finance system; each entry must have sufficient detail to describe the transaction and appropriate documentation must be kept in the Trust's filing system in the relevant financial year.
- ii. High volume transactions, e.g. payments for trips / meals, can be recorded in the finance system at summary level, providing the detail is kept on other systems and is accessible for scrutiny/audit.
- iii. Access to the finance system is controlled by the Chief Financial Officer, who will determine the level of access for each type of role. Passwords are mandatory, must be changed at least every two months and must not be shared with other staff.
- iv. The Chief Financial Officer will ensure the system is backed-up regularly. This can be through local back-up procedures or through a third-party provider.

22. Budget Setting

- i. The Trust's financial year is 1 September to 31 August.
- ii. The three year budget return must be submitted to the Trust Board for approval prior to submission to the ESFA within the required timeframe.
- iii. The overall Trust budget must balance over the financial year to 31 August, which can include drawing on unspent funds brought forward from previous years.
- iv. The school finance teams and Head Teachers / Heads of School will work with the Trust Finance Team and Chief Financial Officer to draft a three year budget for submission to the Executive Headteacher. Schools are expected to take an integrated approach to curriculum and financial planning, balancing delivering the Trust's educational priorities with the funding available.
- v. The Trust will incorporate the results from benchmarking into its budget setting process.
- vi. The finance lead for the Local Governing Body must be consulted in the process, but does not give approval to the final draft.

- vii. The Executive Headteacher will clear the final draft for submission to the Trust Finance Committee for review, who will make recommendations to the Trust Board. The submission must include a clear summary of the key assumptions, including pupil numbers, and reflect lessons learned from prior years. It must also include a summary of any views submitted by the LGB finance leads.
- viii. The Trust Board must consider the potential budget position at the end of the three year return to satisfy itself that the Trust remains a going concern and is financially sustainable.
- ix. Final approval is given by the Trust Board and must be recorded in the minutes of the meeting. Board approval must be given before the three-year return is submitted to the ESFA.
- x. The Trust Finance Team is responsible for setting the profile of the agreed budget.
- xi. The Trust Finance Team is responsible for submitting the budget returns to ESFA within the stipulated deadlines.
- xii. The forecast outturn will be formally reviewed after each quarter of the financial year and reported to the Trust Board. The Chief Financial Officer will review the forecast outturn each month and report any material movement to Trustees through the monthly management accounts.
- xiii. ESFA will be notified with 14 days if the Trust identifies that there will be an in year revenue deficit which it cannot address after taking into account unspent funds from previous years.

23. Budget Management

- i. The Trust operates monthly accruals accounting.
- ii. The Trust operates a cost centre approach to budget management, with budget holders responsible for specified budgets.
- iii. Budget holders will receive a delegation letter at the beginning of each financial year detailing:
 - Funds delegated to the budget holder
 - Existing commitments allocated to the budget
 - Any restrictions on allowable purchases.
- iv. Virements between budget lines will be managed within the scheme of financial delegation (Appendix 2)
- v. Any virements agreed will be reported to Trustees via the monthly management accounts.

24. Financial Performance Reporting

- i. Budget holders will be given monthly updates on their spend by the appropriate finance team.
- ii. The Trust will submit monthly management accounts to all trustees via email.
- iii. The monthly management accounts will include income and expenditure, variation to budget analysis, cash flow and balance sheet.
- iv. Schools are responsible for posting month-end adjustment journals as appropriate, recording explanations and detail of balances in the Balance Sheet in the month-end workbook.

- v. School and Trust finance teams will provide a monthly variance report to the Chief Financial Officer, who will collate the school and Trust returns and provide a headline summary to the Trust Board via the Executive Headteacher and Trust Finance Committee.
- vi. The school's report must be shared with the LGB finance lead for information and comment where appropriate.
- vii. The Head Teacher / Head of School will provide a brief summary of school financial performance at each Local Governing Body meeting.
- viii. Full details of all transactions are available to Trustees on request.
- ix. Audited accounts will be submitted to ESFA within the stipulated deadlines.

25. Internal financial controls

- i. Delegated financial authority has been assigned for each role within the Trust and training for relevant staff will be take place on an annual basis.
- ii. The Trust will maintain proper accounting records, which must be stored securely and in line with relevant data retention regulations.
- iii. The Chief Financial Officer will ensure appropriate cover is available in the absence of key finance staff. The Chief Operations Officer will deputise for the Chief Financial Officer.

26. Payroll and Personnel

- i. The Trust Board approves the staffing and grading structure within the Trust.
- ii. The Executive Headteacher / Head Teacher / Head of School have the authority to fill a post within the existing structure, but must undertake a review to ensure it is necessary to fill the post before advertising. The decision to fill a post must be reported to the next finance and personnel committee meeting.
- iii. New posts in the structure must be submitted to the Trust Finance and Personnel Committee for consideration and onward submission to the Trust Board for approval. Any proposed changes must be demonstrably sustainable within current budget assumptions.
- iv. Pay scales are determined by the Trust's Pay Policy. Any deviation from the Pay Policy must be agreed by the Trust Finance Committee and reported to the Trust Board.
- v. Executive pay is determined by the Trust Board following advice from the Finance and Personnel Committee. The decisions must follow a robust evidence-based process and are reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their own remuneration.
- vi. Only properly authorised changes can be submitted to the payroll provider; the authoriser cannot submit the change.
- vii. All staff, including senior employees, are paid via BACS through the Trust payroll system; cash or cheque payments to staff are not permitted. Any advances must be agreed by the Chief Financial Officer and paid via BACS.
- viii. The payroll system must comply with relevant legislation and HMRC guidance and must be covered by a Service Level Agreement if contracted out to a third party payroll provider.

- ix. Each member of staff must have a personnel file kept securely at the relevant site. All documents on file must comply with relevant data retention legislation.
- x. The monthly payroll file must be checked for accuracy and proper authorisation of changes before payment is made. The check cannot be done by the person who has either authorised the change or submitted the changes to the payroll provider.
- xi. Payments to individuals should be made through payroll except where a self-assessment questionnaire has been completed and the Chief Financial Officer or Chief Operations Officer is satisfied that the engagement is outside of IR35 regulations.

27. Income

- i. The main source of income for the Trust is from ESFA via grants, both revenue and capital. In addition, grant income is received from the Local Authority for pupils with ECHPs..
- ii. For other types of income, the Trust has developed a Charging Policy.
- iii. Other types of income include from students for trips, school meals and extended school activities.
- iv. There can also be income from short and long term lettings.
- v. All these transactions must be recorded in the finance system, although entries may be at summary level providing the detail is held elsewhere.

28. Expenses

- i. Out of pocket expenses incurred on Trust business can be claimed by staff, providing the expense was agreed with the line manager in advance.
- ii. Trustee expense claims must be approved by the Chair of Trustees.
- iii. Expense claims for alcohol will not be paid, unless the expense is for religious services.
- iv. Expenses other than mileage must be supported by a receipt.
- v. Mileage is paid with the current HMRC limits.
- vi. All expense claim payments will be through payroll or via BACS.

29. Procurement

- i. The Trust must be able to demonstrate that public funds have been used as intended by Parliament.
- ii. Before any order is placed, the budget holder will ensure Best Value. This is not necessarily the cheapest option as consideration is also given to quality, timeliness and fitness for purpose.
- iii. Purchases must be authorised in advance of the order being placed.
- iv. The delegated limits are reviewed annually by the Trust Finance Committee and recorded in the Scheme of Delegation (Appendix 2).
- v. Purchase Orders can only be raised for Trust expenditure. Individuals must not use official orders to obtain goods or services for their private use.
- vi. Trust funds must not be used for the purchase of alcohol unless it is specifically for use in religious services.
- vii. Orders / contracts cannot be split in order to come within the delegated authority limits.

30. Charge Cards

- i. The Trust Board has agreed for Charge Cards to be allocated to staff where it is appropriate for their role.
- ii. The Charge Cards can only be used for business purposes.
- iii. Balances must be cleared at the end of each month, otherwise this would breach the restriction on borrowing.
- iv. Allocation of cards and credit limits will be determined by the Chief Financial Officer in consultation with the Executive Headteacher / Headteacher / Head of School.

31. Cash management

- i. Any bank account held by the Trust must be authorised by the Trust Board.
- ii. Access to the bank accounts, and level of access for each role, is determined by the Finance Committee.
- iii. No bank account can go overdrawn as this would breach the restriction on borrowing.
- iv. The preferred method of payment is BACS, however cheques are permissible if BACS is not available.
- v. All BACS payments must be authorised by two people within their authorised limits.
- vi. Each bank account will be reconciled to the finance system on a regular basis, which is no less than monthly for the main bank account for each entity.
- vii. Bank reconciliation records must be countersigned by the Executive Headteacher Head Teacher / Head of School as appropriate.
- viii. Cash handling should be reduced to a minimum and only used when online transactions are not practical or appropriate.
- ix. Cash transactions will be transparent and appropriate records will be in place.
- x. Any loss of cash must be reported to the Trust Finance Committee at the next meeting and recorded in the minutes.

32. Fixed Assets

- i. Fixed Assets are included in the accounting records at cost.
- ii. Any item over £1,000 will be considered for capitalisation, which will depend on the item's intended use and ability to generate income.
- iii. Once capitalised, the tangible Fixed Asset will be added to the register and depreciated over its expected useful life.
- iv. Intangible Assets will be added to the register and amortised on a straight-line basis:
 - Computer software development – 3 years (or licence term)
- v. Depreciation will be provided from the month the Asset is put into use and is charged on a straight-line basis:
 - Land – no depreciation
 - Buildings – 50 years
 - Long Leasehold property – over the remaining lease term

- Improvement to property – 20 years
 - Furniture and equipment – 5 years
 - Computer equipment – 3 years
- vi. Disposal of assets which have a net book value of less than £250 can be approved by the Executive Headteacher.
- vii. Disposal of assets with a net book value over £250 must be approved by the Finance and Personnel Committee, providing it is within the delegated authority in the Academy Trust Handbook.
- viii. Any disposal of assets to third parties must be documented and ensure best value.

APPENDIX 1 – TERMS OF REFERENCE

FINANCE AND PERSONNEL COMMITTEE TERMS OF REFERENCE

Authority

The Finance and Personnel Committee is an advisory body with no executive powers beyond those specifically delegated by the Board. It is authorised by the Board to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries.

The Finance and Personnel Committee is authorised to obtain independent professional advice if it considers this necessary.

Duties

The specific duties of the Finance and Personnel Committee shall be to:

- review and approve the Annual Budget and 3 year financial plan in detail and recommend approval to the Board;
- make recommendations to the Trust to secure best value;
- monitor the budget on behalf of the Trust Board and through the termly meetings and minutes and of the committee, along with monthly financial reports, inform the rest of the Board;
- approve amendments to the budget and approve virements of funding to meet the need of the school;
- approve quotations for work based on best value on behalf of the Trust;
- consider all relevant reports by the Chief Financial Officer, including reports on school accounts, achievement of value for money.;
- will explore and process sources of new funding;
- review any report from the Finance Officer in relation to the operation of Trust Buildings and Grounds;
- review new and existing policies relating to financial affairs, employment and conditions of staff within schools and make recommendations to the Trust;
- consider the Personnel needs of the schools and make decisions on appointment as necessary (teaching and support staff) and make recommendations for approval in significant changes in Personnel structures; though this may be delegated to individual governing bodies;
- review and monitor the Health and Safety policy statement in order to safeguard the health and wellbeing of students, employees and visitors to their schools, and to make recommendations to the Trust and Governing Bodies;

- will ensure the effective implementation and monitoring of performance management on behalf of the Trust;
- review the recommendations of the Executive Headteacher as to salaries particularly any discretionary awards;
- review the operation of Trust code of practice for Members, Trustees, Governors and code of conduct for staff;

The Trust must ensure personnel management procedures have been identified, formally approved and documented to cover as a minimum:

- recruitment (including references and police checks);
- performance appraisal and review;
- equal opportunities;
- disciplinary (including absence policies);
- grievance;
- staff expenses;
- consider any other matters where requested to do so by the Trust Board;
- report at least once a year to the Members on the discharge of the above duties through the annual report and annual general meeting.

The Trust ensures that procedures are in place to ensure that employees of the Trust are paid for work done in accordance with their contracts of employment.

In addition, the Trustees ensure Scholars has adequate insurance cover to support its activities as an employer, such as employers' liability insurance, fidelity insurance, trustee indemnity, public liability insurance and so forth.

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

Authority

The Audit and Risk Committee is an advisory body with no executive powers beyond those specifically delegated by the Board. It is authorised by the Board to investigate any activity and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries. The committee meets three times a year.

They are authorised by the Trustees in order to provide assurance over the suitability of, and compliance with, its financial systems and operational controls.

The Chair of the Audit and Risk Committee will not be the Chair of the Trust, or the finance committee, however they may be a member of the committee.

Duties

The committee's work will focus on providing assurances to the board of trustees that risks are being adequately identified and managed by:

- Review and approval of the Trust's Risk Management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks;
- Directing the trust's annual programme of internal scrutiny, which is informed by the risk register, and report to the Board on those risks throughout the year. The outcome of the work will inform the governance statement that accompanies the trusts accounts;
- To review all risk and control related disclosure statements, in particular the Trust's annual accounts statements, together with any associated reports and opinions from management, the external auditor and internal auditor, prior to endorsement by the Trust Board;
- Reviewing the Trust's Risk Register ensuring that it incorporates all risks and that risk management and controls are appropriate to the risks identified and operated effectively;
- appointing an independent internal audit service appropriate to the circumstances, and reviewing their performance on an annual basis;
- Review and consider the circumstances surrounding any resignation or dismissal of the external auditor;
- considering reports at each meeting from those carrying out the programme of work;
- To consider the appointment of the external auditor and assess their independence, making recommendations to Members as appropriate;
- To pre-approve any non-audit services from the external auditor in excess of £10k;
- reviewing the external Auditors plan and assess their performance on an annual basis;
- reviewing the annual report and accounts and make recommendations to the Trust Board;
- reviewing the internal and external auditor's findings and the appropriateness of actions taken by the Trust's managers in response to those findings;
- reviewing the effectiveness of anti-fraud measures in reducing fraud, and receive reports on the outcome of investigations or suspected or alleged impropriety;
- reviewing policies to ensure compliance with relevant regulatory, legal and code of conduct requirements as delegated by the Trust and making recommendations to the board;
- Review any external guidance (e.g. from the ESFA, Audit Commission or National Audit Office) and consider the implications of the Trust's systems and controls.

EDUCATION COMMITTEE TERMS OF REFERENCE

The Trust Board hereby resolves to establish a committee of selected Trustees to be known as the Education Committee.

The chair and members of the Education Committee shall be non-executive members and shall be appointed by the Trustees.

Trustees members who are not members of the Education Committee should have the right of attendance. The governance professional will circulate minutes of meetings of the Education Committee to all members of the Trust.

The Trust shall determine how often the Committee shall meet.

The Executive Headteacher or delegated member of the Strategic Leadership Team will normally attend meetings of the Committee.

Authority

The Education Committee is an advisory body with no executive powers. However, it is authorised by the Board to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries.

The Education Committee is authorised to obtain independent professional advice if it considers this necessary.

Duties

The specific duties of the Education Committee shall be to:

- ensure the curriculum offer is relevant and appropriate for all pupils;
- to monitor and evaluate the intent, implementation and impact of the curriculum
- monitor pupils' attainment and quality of learning i.e. track pupil progress and achievement
- monitor standards against local and National standards;
- to ensure the development of children's cultural capital
- challenge and hold senior leaders to account
- advise the Trust on curriculum statutory obligations;
- ensure that all pupils have equal access to educational opportunities based on the identification of individual needs;
- review any proposals from the schools for changes to the Curriculum and to consider the implications for Personnel in conjunction with the finance committee;

- contribute towards the standards review, revision and monitoring within the Trust;
- to review the policy and provision for collective worship and religious education and make recommendations to the Trust and Governing Body or school;
- To ensure value for money of additional funding e.g. Sports premium, pupil premium
- review any external reports in relation to the standards and achievement of Trust;
- report at least once a year to the board on the discharge of the above duties.

APPENDIX 2 – Scheme of financial delegation

✓ = Decision to be taken at this level

| Area | Decision | Delegation | | | | | |
|--------------------------|--|------------------------------------|-------------------------|-----|-------------------------------|-----|---------------------|
| | | Trust Board | Trust Finance Committee | CEO | Head Teacher / Head of School | CFO | Budget Holder / COO |
| Budget Setting | Approval of budget | | ✓ | | | | |
| Budget Management | School Budget Virement under £15k | | | | | ✓ | |
| | School Budget Virement between £10k and £20k | | | ✓ | | | |
| | School Budget Virement over £20k | | ✓ | | | | |
| | Trust Budget Virement under £10k | | | | | ✓ | |
| | Trust Budget Virement between £10k and £20k | | | ✓ | | | |
| | Trust Budget Virement over £20k | | ✓ | | | | |
| | Changes to delegated authority limits | | ✓ | | | | |
| | Staffing | Fill vacancy in existing structure | | | | ✓ | |
| New post in structure | | | | ✓ | | | |

| | | | | | | | |
|----------------------|--|---|---|---|---|---|---|
| | Significant change in structure | ✓ | | | | | |
| | Approval of staff pay scales | ✓ | | | | | |
| | Approval of movement between pay scales and hour changes | | | | ✓ | | |
| | Approval of Executive pay scale | ✓ | | | | | |
| Payroll | Monthly approval of payroll | | | | | ✓ | |
| Procurement | Orders / contracts < £1k | | | | | | ✓ |
| | Orders / contracts between £1k and £5k | | | | ✓ | | |
| | Orders / contracts between £5k and £10k | | | ✓ | | | |
| | Orders / contracts over £10k | | ✓ | | | | |
| | Orders / contracts over £40k | ✓ | | | | | |
| BACS payments | Approval total under £1k | | | | ✓ | ✓ | |
| | Approval total over £1k and under £5k | | | | ✓ | ✓ | |
| | Approval total over £5k | | | ✓ | | ✓ | |

| | | | | | | | |
|---------------------|---|--|---|---|--|---|--|
| Fixed Assets | Approval to capitalise expenditure under £5k | | | | | ✓ | |
| | Approval to capitalise expenditure over £5k | | | ✓ | | | |
| | Disposal of assets with a net book value under £250 | | | ✓ | | | |
| | Disposal of assets with a net book value over £250 | | ✓ | | | | |

APPENDIX 3 – Bank Signatories

Central bank mandate:

Inderjit Sandhu

Sarah Richards

Kathryn Priddey

Tanya Jones

Commercial banking authorisation limits

Launde Primary School Account (18135360)

Inderjit Sandhu
Sarah Richards
Kathryn Priddey
Tanya Jones

Authorisation rule: any 2 under £5k

£5K and above: Any of CEO / CFO / Chair

MAT Account (18724668)

Inderjit Sandhu
Sarah Richards
Kathryn Priddey
Tanya Jones

Authorisation rule: any 2 under £5k

£5K and above: Any of CEO / CFO / Chair

Foxbridge Primary Account (21478468)

Inderjit Sandhu
Sarah Richards
Kathryn Priddey
Tanya Jones

Authorisation rule: any 2 under £5k

£5K and above: Any of CEO / CFO / Chair

Glenfield Primary Account (187833660)

Inderjit Sandhu
Sarah Richards
Kathy Martin
Sukhi Kaur
Tanya Jones

Up to £1000 – any 2

£1000 to £5000 = CEO/CFO plus HT
or Sukhdeep Kaur

£5000 and above – 2 from CEO / CFO / Chair

Appendix 4 – Credit Card Holders and Limits

| LAUNDE PRIMARY SCHOOL | | | |
|---------------------------------|---------------------|--------|---|
| Name | Role | Limit | Notes |
| Kathryn Priddey | Head Teacher | £1,500 | |
| Shelly Meer | Deputy Head Teacher | £1,000 | |
| Catherine Cooper | Office Manager | £1,000 | Authorisation sought from KP/IS before ordering |
| GLENFIELD PRIMARY SCHOOL | | | |
| Kathy Martin | Head Teacher | £1,500 | |
| Debbie Lomas | Office Manager | £1,000 | Authorisation sought from KM before ordering. |
| Sukhi Kaur | Deputy Head | £1,500 | |
| FOXBRIDGE PRIMARY SCHOOL | | | |
| Pam Bridgwood | Head Teacher | £1,500 | |
| SCHOLARS ACADEMY TRUST | | | |
| Inderjit Sandhu | CEO | £2,500 | |

Limits may be extended temporarily by the CFO in order to support efficient management of purchases. The extension will be time limited, and the amount set according to business need. The increase will be notified to the CEO immediately and to the Finance Committee at the next committee meeting.