

Finance Policy

Yorkshire & the Humber Co-operative Learning Trust



Approved by:	Finance & Personnel Committee	Date: 8 th May 2018
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1. Background

1.1 The purpose of this policy and associated procedures is to ensure that the Yorkshire & the Humber Co-operative Learning Trust (“the Trust”) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust’s Funding Agreement with the Department for Education (DfE).

1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust’s accounting procedures. It should be read by all staff involved with financial systems.

1.3 The policy covers finance related policies such as depreciation, Trust companies, reserves, investments, charging and remission, staff expenses and trustee’s expenses.

1.4 This policy relates to all of the Trust’s academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

1.5 This policy is designed to be consistent with:

- EFA Financial Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements

This Policy also contains the following appendices:

- Appendix 1: Scheme of Financial Delegation
- Appendix 2: Tendering
- Appendix 3: Investment Policy

2. Organisation

2.1 The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff. The financial reporting structure is outlined below:

Trust Board of Trustees / Finance & Personnel Committee / Audit Committee

2.2 The Board of Trustee / Finance & Personnel Committee / Audit Committee of the Trust has overall responsibility for the administration of its academies’ finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE). These responsibilities in relation to financial matters include:

2.2.1 Board of Trustees

The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- finance policy development and strategic planning;
- ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with general legislative 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;
- setting the Trust’s standards of conduct and values;
- assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts);
- to hold to account each Headteacher and their staff.

2.2.2 Finance & Personnel Committee

The Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and

- Academy finances and resources, including proper planning, monitoring and probity; most particularly by: assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- promoting a climate of financial discipline and control the opportunity for financial mismanagement;
- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds improving the quality of financial reporting
- Health & Safety
- Personnel Matters

2.2.3 Audit Committee

The Committee is responsible for scrutinising the Trust and Academy budgets and finance, internal controls systems and risk management arrangements, most particularly by:

- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement
- promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating:
 - in accordance with any statutory requirements for the use of public funds;
 - within delegated authorities laid down by Board of trustees;
 - in a manner which will make most economic and effective use of resources available.
 - disaster recovery
 - risk register

The Chief Executive Officer

2.3 The Chief Executive Officer (CEO) is the Accounting Officer. The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

2.4 The main responsibilities of the CEO include:

- the development of the annual budget;
- the development of medium term financial planning
- ensuring regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- ensuring that the regular reports provided to the Board are timely and accurate;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1
- authorising changes to the Trust's personnel establishment.

The Trust's Headteachers

2.5 Each Academy Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Chief Financial Officer and the Business Managers but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised current establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;

- authorising payments within the approval limits shown in Appendix 1;
- ensuring the delivery of the academy annual budget as approved by the Trust;
- monitoring the regular budget reports with the Business Manager and acting on overspends or risk.

The Chief Financial Officer

2.6 The Chief Financial Officer (CFO) works in close collaboration with the CEO through whom he or she is responsible to the Trust board. The CFO has direct access to the Board. The main responsibilities of the Chief Financial Officer are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy;
- the preparation of budgets and medium term financial plans
- ensuring returns to EFA and other funding agencies completed correctly and on time
- ensuring returns to statutory agencies are completed
- cash flow and treasury management including managing investments
- functional management of Academy Business Managers although day to day management resides with the local Academy Headteacher
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1.

The Business Manager

It is envisaged that each academy will have a Business Manager or a person who undertakes that role albeit with a different job title

2.7 The Business Managers work in close collaboration with the Chief Financial Officer. The main responsibilities of the Business Manager are:

- the day to day management of financial issues
- the preparation of monthly management accounts;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- authorising payments within the approval limits shown in Appendix 1.
- Ensuring that financial controls are working effectively at academy level

Internal Audit

2.8 The Internal Auditors are to be decided by the Full Board and provide Trustees with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board with independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.
- risks are identified and appropriate actions put in place

2.9 The board will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Board of Trustees for review.

Other Staff

2.10 Other members of staff, primarily Finance Officers, Admin Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy.

All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and

efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Conflict of Interest

2.11 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust Trustees and senior staff are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

2.12 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Trustee or a member of staff by that person.

2.13 The existence of a register of business interests does not detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Where an interest has been declared, the Committee will then decide if the declaration is significant and requires trustees leave the meeting.

3. Accounting system

3.1 The Academy Trust uses PS Financial Systems (PSF) at all its academies. All financial transactions of the Trust must be recorded on this system.

System Access

3.2 Entry to the PSF accounting system is password restricted and the Chief Financial Officer is responsible for implementing a system which ensures that passwords are changed at least every year.

3.3 Access to the component parts of the system can also be restricted and the Chief Financial Officer is responsible for setting access levels for all members of staff using the system.

Back - up Procedures

3.4 PSF is a cloud based system that is hosted and backed up by PS Financials as per the appropriate contract.

Transaction Processing

3.5 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the associated operational system procedures.

Reconciliations of Balance Sheet Accounts

3.6 The Business Managers are responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared:

- sales ledger control account quarterly
- purchase ledger control account monthly
- payroll control account monthly
- all suspense accounts (none) monthly
- bank balance per the nominal ledger monthly within 5 working days to the bank statement.

4. Financial Planning

4.1 The Trust and each academy will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years

4.2 The medium term financial plan is prepared as part of the Trust and Academy Development planning process.

4.3 The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

Annual Budget

4.4 Chief Financial Officer is responsible for working with the Headteachers, the Business Managers and others to

prepare a draft annual budget for consideration by the CEO. The CEO is responsible for the approval of the budget by the Board of Trustees .

4.5 The approved budget must be submitted to the DfE by the specified date, and the Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A Financial Calendar will be prepared which details all the submission dates required by the EFA.

4.6 The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Action Plan objectives and the budgeted utilisation of resources.

Balancing the Budget

4.7 Each Academy should set a balanced budget, taking into account the current level of reserves. When an academy sets an in year deficit the CFO & Academy Headteacher will prepare a report to the board explaining reasons for this deficit and an action plan for return to a positive in year position.

Finalising the Budget

4.8 Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Financial Officer for approval by the CEO and the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

Monitoring and Review

4.9 Monthly reports will be prepared by the Business Managers, supported by the Chief Financial Officer. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Headteachers, Chief Financial Officer, Local Governing Body and Board of Trustees.

4.10 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will always include a latest financial forecast for the year.

4.11 If a budget overspend is forecast it may be appropriate to vire money from another budget. All budget virements must be authorised as shown in Appendix 1.

5. Payroll

5.1 The main elements of the payroll system are:

- staff appointments;
- payroll administration and payments.

Staff Appointments

5.2 As part of the annual budget process, the Trust Board will approve a staff establishment for the trust and academies. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment within the Financial Scheme of Delegation attached in appendix 1.

5.3 The CEO and Headteachers have authority to appoint staff within the authorised establishment except for the roles of Headteacher where other Trustees may be involved. The CEO will approve all appointments to the senior leadership team of the Trust.

Payroll Administration and Payments

5.5 Payroll is currently an in house function and approval to change this must come from the board of trustees.

5.6 The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO.

5.7 The monthly payroll must be approved by the Business Manager prior to payments being made and reviewed subsequently by the Chief Financial Officer.

5.8 All severance payments must be approved in line with the financial scheme of delegation in appendix 1.

6. Procurement

6.1 The Trust wants to achieve the best value for money from all its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

It is particularly important in the case of the Trust that any tenders where a Trustee may have a conflict of interest are managed with utmost probity.

Routine Purchasing

6.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy.

6.3 Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).

6.4 It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

6.5 Procurement routes are outlined in Appendix 2

Forms of Tenders

6.6 Details of forms of tenders and how to run a tender process are included in Appendix 2.

Debit Cards

6.7 Procedures for the authorisation of expenditure using debit cards is identified in Appendix 1

7. Income

7.1 The main sources of income for the Trust are the grants from the DfE / EFA. The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to the Trust are collected.

7.2 Grant funding is received from sources such as the local county and borough councils for a variety of purposes including SEN funding

7.3 The Trust also obtains income from:

- students, for example trips, activities, uniforms, school dinners
- the public, mainly for lettings.

Trips

7.4 Each academy has a specific procedure on Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Business Manager.

The designated staff member will be responsible for estimating the costs, ensuring the cash is collected, producing a reconciliation etc.

Lettings

7.5 Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges, which will be reviewed annually.

Custody

7.6 Monies collected should be held securely in the Academy Finance Office Safe and should be banked and reconciled promptly.

8. Cash Management

Bank Accounts

8.1 The opening of all accounts must be authorised by the CEO and Chief Financial Officer

Payments and withdrawals

8.2 All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix 1.

Administration

8.3 All bank accounts must be reconciled monthly and checked by the Business Manager, within five working days of month end. The Chief Financial Officer will periodically review the bank reconciliations

Petty Cash Accounts

8.4 Each academy maintains a maximum cash balance of £500.

Deposits

8.5 The only deposits to petty cash should be from cheques cashed specifically for the purpose.

Payments and Withdrawals

8.6 In the interests of security, petty cash payments will be limited as shown in Appendix 1. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

Administration

8.7 Petty Cash accounts will be reconciled monthly and all transactions recorded on the accounting systems monthly.

Cash Flow Forecasts

8.8 The Chief Financial Officer is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cashshortages.

9. Fixed assets

9.1 All fixed asset additions, as identified in paragraph 9.2, must be approved by the Chief Executive and Chief Financial Officer.

9.2 All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Chief Financial Officer, who will liaise with the Chief Executive to ensure that investment is consistent with the Trust's overall IT strategy.

Asset register

9.3 All assets

- with a value of over £3000
- with a value below £3000 but considered 'attractive' will be entered in the Asset Register.

Business Managers will review the Asset Register on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1000 must be reported to the Trust's Chief Financial Officer

9.4 The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- assist the external auditors to draw conclusions on the annual accounts and the Trust's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.
- security & disposal of assets. Detailed guidance is included in the associated procedures.

Security of Assets

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

9.6 All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Chief Financial Officer. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

Loan of Assets

9.7 Items of Trust property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Headteacher.

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

Disposals

9.9 Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Financial Scheme of Delegation in Appendix 1 and, where significant, should be sold following competitive tender.

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

9.11 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the EFA a proportion of the sale proceeds.

9.12 All disposals of land, building and heritage assets must be agreed in advance with the EFA.

Leases

9.13 The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook

9.14 Finance leases are classed as borrowings and can only be entered into with the specific authority of the EFA.

9.15 All leases must be approved by the Chief Financial Officer.

10. Depreciation Policy

10.1 The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines. This will be itemised when accounting principles are presented to the board.

11. Companies Policy

11.1 The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

12. Investments Policy

12.1 Please see appendix 3

13. Charging & Remission Policy

13.1 The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteachers.

In all cases, where a charge is made it will not exceed the costs of the provision.

14. Staff Expenses

14.1 The Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- Travel by public transport;
- Use of own car and parking (excluding home to work travel);
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the Trust.
- Staff expenses for foreign trips

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are available from the Finance Offices.

14.2 Staff must submit an expenses claim form and seek approval as laid out in the Finance Regulations in Appendix 1 before being sent to the Business Manager to be paid. All claims must be accompanied by receipts.

14.3 The Chief Financial Officer will monitor claims to ensure compliance with this policy.

15. Trustees Expenses

15.1 Trustees and members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Governors Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates.

Reasonable expenses will include:

- Attendance at meetings of the Trust board or Local Governing Body or their sub- committees;
- Meetings with authorities, regulators, auditors etc;
- Meetings with members of staff or prospective staff connected with their official duties;
- Other official meetings.

It is expected that Trustees and members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

Trustees and members may not claim for:

- Time spent working as a Trustee or Member
- Loss of earnings
- Expenses in connection with foreign travel

16. Tax

16.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Chief Financial Officer to ensure compliance with VAT regulations.

16.2 The Chief Financial Officer will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

16.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

17. Insurance

17.1 The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.

17.2 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

17.3 The Trust will not give any indemnity to a third party.

17.4 The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

18. Bad Debts

18.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

18.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

18.3 Income from lettings will be collected in accordance with the Lettings Policy

18.4 All commercial debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- weeks from date of account - 1st reminder
- weeks from date of account – final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

18.5 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Scheme of Delegations in Appendix 1 and in accordance with the guidance provided in the Academies Financial Handbook.

18.6 To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

18.7 The Trust will retain a Bad Debt Write-Off Summary.

19. Monitoring Outcomes & Review

19.1 Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and Chief Financial Officer.

19.2 Effectiveness of this policy and any associated procedures will also be monitored by the Audit Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Finance & Audit Committee. Findings & recommendations will be used to revise this policy and associated procedures- this will be undertaken by referring any recommendations for changes to the Chief Financial Officer.

19.2 Key indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets
- Value for Money being demonstrated
- Expenditure targeted on key priority areas
- Timely reports to Board, DfE and others
- Up to date, accurate records.

20. At cost requirements

20.1 Trading with connected parties

This part of the policy deals with goods or services provided by individuals or organisations connected to the academy trust

20.1.1 At cost requirements

20.1.2 Subject to sections 20.1.7 to 20.1.9, the academy trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or trustee of the academy trust
- any individual or organisation connected to a member or trustee of the academy trust. For these purposes the following persons are connected to a member, or trustee:
 - a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee

- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body related to such individual or organisation

20.1.3 A body is related to another individual or organisation if it: is controlled by the individual or organisation; or controls the organisation; or is under common control with the individual or organisation. For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest), or
- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body

20.1.4 The 'at cost' requirement does not apply to the trust's employees unless they are also one of the parties described in section 20.1.1.

20.1.5 Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, will still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

20.1.6 Should any staff/personnel of an individual or organisation referred to in section 20.1.1 be based in, or work from the premises of, the academy trust, that individual/organisation and the trust must agree an appropriate sum to be paid to the trust for such use/occupation of the premises, save to the extent that they are carrying out work for the trust.

Effective date

20.1.7 The 'at cost' requirement applies to contracts for goods and services from a connected party agreed by the academy trust on or after 7 November 2013.

De minimis

20.1.8 The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust. For these purposes, where a contract takes the trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

Professional services

20.1.9 In relation to organisations supplying legal advice or audit services to the academy trust, the 'at cost' requirement applies where the organisation's partner directly managing the service is a member or trustee of the trust but not in other cases for those organisations. The published ethical standards for auditors also prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.

Documentation

20.1.10 The academy trust must ensure that any agreement with an individual or organisation referred to in section 20.1.1 to supply goods or services to the trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the trust confirming that their charges do not exceed the cost of the goods or services, and
- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply

Full cost

20.1.11 For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services. Full cost includes:

- all direct costs (the costs of any materials and labour used directly in producing the goods or services)

- indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads)

20.1.12 Full cost must not include an element of profit.

21 Novel and/or contentious transactions

21.1 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. Novel and/or contentious transactions must always be referred to EFA for explicit prior authorisation.

22 Special payments

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

They include:

- staff severance payments
- compensation payments
- ex gratia payments

22.1 Staff severance
See appendix 1

22.2 Compensation payments
See appendix 1

22.3 Ex-gratia payments
See appendix 1

Appendix 1

Financial Scheme of Delegation

Financial Levels of Authority

Delegated Duty	Value	Delegated Authority
Budget approval		Trust board
Virements to budgets (net nil i.e. no impact on reserve figure)	All	Academy Headteacher & Academy Business Manager
Amendments to budget, where the following conditions are met The Academy has reserves of above 2.5% of GAG income The YHCLT board has not exercised its reserved powers on the Academy	<£20K Primary <£50K Secondary	Academy Headteacher & Academy Business Manager
	>£20K Primary >£50K Secondary	CEO, CFO & Academy Headteacher (2 of the 3)
Amendments to budgets, where the above conditions are not met	All	Chair, CEO & CFO (All Three)
Write off of bad debts (last resort)	<£300	Academy Headteacher
	>£300 (subject to limits set out in Academies Financial Handbook (latest version))	CFO or CEO
Staff hiring and appointments	Budgeted Vacancy	Academy Headteacher
	Unbudgeted Vacancy	CEO, CFO Academy Headteacher
	SLT Vacancy	YHCLT Board
Severance payments	Equal to or below contractual notice	Academy Headteacher & CFO
	Above contractual notice but below six months' pay (below EFA limit £50K)	CEO & YHCLT Trust Board
	>£50K	Prior approval from EFA
Compensation payments	<£50k	Trust Board
	>£50K	Prior approval from EFA
Ex-gratia payments	All	Prior approval from EFA

Delegated Duty	Value	Delegated Authority
Requisitions for orders/invoice approval	Up to £1k Primary Up to £2K Secondary	Academy Business Manager Local Budget Holder
	£1k - £5k Primary £2k - £7.5k Secondary	Academy Business Manager & Local SLT Local Budget Holder & Academy Business Manager
	£5k - £15k Primary £7.5k - £25K Secondary	Academy Business Manager & Academy Headteacher
	£15k-£25K Primary £25K-£50K Secondary	CEO, CFO & Academy Headteacher (2 of the 3)
	>£25k Primary >£50K Secondary	YHCLT Trust Board
Invoice/Payments Runs	All	Any two signatures in accordance with the bank mandate
Payroll Bacs	All	CFO, Finance Manager
Quotations and tendering	<£5k	Preferred Supplier/Catalogue
	£5k - £60K	Three written quotes
	>£60K	Formal tendering process & following OJEU threshold regulations
Bank account payments – BACS, cheques, direct debits (including payroll)	All	Any two signatures in accordance with the bank mandate
Petty cash payments	<£50	Academy finance staff
	>£50	Academy Business Manager & CFO
Journals	Within income statement	Academy finance staff approved by Academy Business Manager
	Between income statement & balance sheet	Academy Business Manager approved by CFO
Disposal of assets	<£5K	Academy Business Manager
	£5K-£10K	CFO & Academy Headteacher
	>£10K	CEO & Trust Board

Other

Transactions with connected parties	Follow Academies Financial Handbook (latest version) procedures and all decisions taken to YHCLT Board
Acquisition and disposal of Land, Buildings and heritage assets	Prior written approval from the EFA. See CFO for advice
Insurance	CFO to arrange insurance for all school to ensuring joint procurement and best value is achieved.
Academy Level: SSA or 3rd party contracts	Academy Headteacher & CFO were contract exceeds £5k to ensure the YHCLT academies benefit from joint procurement and economies of scale

Competitive Tendering for Larger Purchases Policy

Purchasing

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

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis.
- Value for Money, the Academy shall aim for:
 - Economy, minimizing the cost having regard to appropriate quality
 - Efficiency, an appropriate relationship between outputs and costs
 - Effectiveness, the achievement of the intended outputs

Routine Purchasing

Routine purchases up to £5,000 can be requested and are authorised as per the scheme of delegation. A quote or price must always be obtained before any order is placed. The Finance Office at each Academy have a list of regularly used suppliers, however, if the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Academy then this must be discussed and agreed with the Finance Office.

All orders must be made, or exceptionally confirmed, in writing using an official order form, stocks of which are held in the Finance Office. Orders must bear the signature of the member of staff requesting the order; they will be countersigned by the budget holder and must be forwarded to the Finance Office where they will be checked to ensure adequate budgetary provision exists before the order is released.

Please see Appendix 1 for a Summary of Financial Authorisation Levels and the procedures to be followed for ordering goods up to the value of £60,000.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

The tendering method must be agreed in advance with the Chief Financial Officer and Chief Executive

Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- explanation of how the tenders will be evaluated
- terms and conditions of tender and
- Form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in the Finance Office prior to tender opening. Tenders received after the submission deadline should not normally be accepted and must be approved by the CFO.

Tender Opening Procedures

1. All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of at least one member of the Trust board and the CEO/CFO

2. A separate record should be established to record:

- the nature of the goods or materials to be supplied or the works or services to be provided;
- the name of each supplier or sub-contractor quoting/tendering;
- the date and time of receipt of each quotation/tender;
- the date and time of opening of the quotations/tenders;
- the amount of each quotation/tender;
- evaluation criteria and results
- the name of all persons present at the opening of the quotations/tenders

This record must be signed by two people present at the tender opening.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence. Full records should be kept of all criteria used for evaluation and a report should be prepared for the Trust Board the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that scores most highly when assessed against the evaluation criteria. All parties should then be informed of the decision.

Note: Tendering limits for small amounts can be found in the Financial Scheme of Delegation in appendix 1.

Appendix 3

Investment Policy

1. Principles

The Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

2. Purpose

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds.

3. Guidelines

The Academy is able to invest any excess funds (over and above the required day to day funds) in the following types of investment:

- Cash Management accounts
- Term deposit accounts or instant access deposit account
- Accepted or endorsed bills of exchange
- Negotiable, convertible or transferrable certificates of deposit.

Funds can only be invested over a period where the funds are not required for day to day activities and with reference to the Academy's cash flow.

The investment of school funds in shares or other financial products is not allowed due to the higher risk attached to these investments.

The Board Trustees will ensure that Academy funds are only invested with financial institutions, specifically Banks and Credit Unions, which are regulated by the FSA.

Any investments made must only be done so after a full review of available investments in order to

maximise the return from funds in excess of those the Academy holds in the main bank account for day to day activities.

4. Implementation

In the current financial climate (2017), with interest rates at an all-time low, only funds not required for day-to-day financing over £500,000 should be invested. Funds can be invested for periods as authorised below;

Period of time funds held on deposit Authorisation required Up to eight weeks – Chief Financial Officer

Over eight weeks up to 12 months - Chief Executive Officer and CFO

Over twelve months - Chair of Board of Trustee, CEO & CFO

5. Terms

- The Board of Trustees shall formally minute, and review annually, this investment policy.
- The Board of Trustees shall monitor investments each month for compliance with this policy.
- All investment accounts will be recorded on the Finance system shall be in the name of the Academy and recorded in an Investment Register.
- The Academy shall not deposit money directly to, or make payments directly from, an investment account.
- All receipts and payments must go through the Academy's main bank account with investment funds transferred to/ from an investment account. Exceptions to this are; interest earned and paid directly into an investment account. Investments can only be made with the authorisation of the Chief Financial Officer.
- On maturity of an investment, the Chief Financial Officer shall review the cash requirements of the school and decide whether the funds are to be reinvested or utilised.
- The Investment Register must be updated with any changes to invested monies and regularly reconciled with bank statements and certificates.
- The Academy Trust shall retain the following information in regards to investment of funds;
 1. Board of Trustees minutes containing approval of the investment policy,
 2. approval of investments and details of changes to investment account particulars,
 3. Investment Register and Bank Statements or Certificates

Appendix 4

Gifts and Hospitality

1. Introduction

- 1.1. The receipt of gifts or excessive hospitality can damage the Trust's reputation and possibly lead to prosecutions for corruption.
- 1.2. This policy seeks to protect staff from suspicion of dishonesty and ensure that they are free from any conflict of interest with respect to the acceptance or provision of gifts, hospitality, or any other inducement from or to suppliers of goods or services to the Trust and each of its academies.
- 1.3. As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below.
- 1.4. Any breach of this policy could lead to disciplinary action and may constitute gross misconduct.

2. General principles

- 2.1. Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of YHCLT by:
 - 2.1.1. Maintaining an unimpeachable standard of honesty and integrity in all their business relationships;
 - 2.1.2. Complying with the letter and spirit of the law, and contractual obligations rejecting any business practice that might be deemed improper;
 - 2.1.3. At all times in their business relationships acting to maintain the interests and good reputation of YHCLT.

- 2.2. Any employee who becomes aware of a breach of policy must either report this immediately to his or her manager who will instigate investigations as necessary or refer to the whistle blowing policy.

3. Register of Business Interests

- 3.1. The Trust board and local governing body of each academy is required to keep a register of business interests. The register must list for each member of the Trust, governing body, the Headteacher and any member of academy staff involved in purchasing decisions any business interests they or any member of their immediate family have.
- 3.2. Anybody with a business interest should not participate in discussions relating to those interests.
- 3.3. The Register of Business Interests should be used to identify any business, commercial or financial interests they have which might give rise to a potential conflict of interest. For example: that they, or a close friend, or relative, are an owner, director, or employee of a supplier to the academy.
- 3.4. Potential conflicts of interest might conceivably extend to other situations; such as if a relationship existed between two people where one could influence the appointment, advancement, or pay of another.
- 3.5. Essentially all staff should consider whether they have any interests (or relationships) which could in some circumstances lead to suggestions that their objectivity and integrity is compromised, and record these confidentially for consideration by the Headteacher and Governors.
- 3.6. Register of business interest forms can be obtained from Executive Assistant and will be retained by the relevant Business Manager.

4. Register of Gifts

- 4.1. In the interests of transparency, a Register of Gifts and Hospitality is to be established and kept in the Finance/ Business Office.
- 4.2. Any member of staff who accepts an offer of a gift or hospitality over the value of £30 must ensure this is recorded in this register using the form attached.
- 4.3. The following should be specified:
 - 4.3.1. Nature of gift/hospitality. In the case of a gift, it should be specified whether it is a personal gift for the recipient or a related party, such as a partner, or a corporate gift accepted by the recipient on behalf of the Trust of academy.
 - 4.3.2. Value of gift/hospitality. If the exact cost is not known, an estimate should be provided.
 - 4.3.3. Name of firm / individual concerned.
 - 4.3.4. Date gift/hospitality accepted.
 - 4.3.5. Name of member(s) of staff involved.

5. Principles

- 5.1. The Trust expects staff and members of the Governing Body to exercise the utmost discretion in giving and accepting gifts and hospitality when on academy business. Particular care should be taken about a gift from a person or organisation that has, or is hoping to have, a contract with the Trust or one of its Academies.
- 5.2. Staff must not accept gifts, hospitality or benefits of any kind from a third party where it might be perceived that their personal integrity is being compromised, or that the Trust might be placed under an obligation.
- 5.3. Staff must not make use of their official position to further their private interests or those of others.

6. Gifts and Hospitality

- 6.1. Gifts of low intrinsic value such as promotional calendars or diaries, or small tokens of gratitude, can be accepted. If there is any doubt as to whether the acceptance of such an item is appropriate, staff should decline the gift or refer the matter to their CEO or Line Manager.
- 6.2. Where approval is granted, any gift or hospitality received with an equivalent value of £30 or over must be recorded in the Register of Gifts and Hospitality.
- 6.3. Where purchased items include a 'free gift' such gifts should be either used for Academy business or handed to the CEO or CFO to be used at a charity raffle etc.
- 6.4. In cases where a staff member receives a gift on behalf of the Trust, the gift remains the property of the

Trust. The gift may be required for departmental display or it may, with the Line Manager's approval, remain in the care of the recipient. Unless otherwise agreed, the gift should be returned to the Department on or before the recipient's last working day.

- 6.5. Modest hospitality, provided it is reasonable in the circumstances, for example, lunches in the course of working visits, may be acceptable, though it should be similar to the scale of hospitality which YHCLT as an employer would be likely to offer.
- 6.6. Staff attendance at sporting and cultural events at the invitation of suppliers, potential suppliers or consultants is not normally acceptable. Where it is considered that there is a benefit to YHCLT in a member of staff attending a sponsored event, the attendance should be formally approved by the CEO
- 6.7. Business gifts, which include hospitality, may be provided by the Trust in connection with third party entertaining but should be regarded as the exception rather than the rule. Gift and Hospitality must not exceed £50 in a year for any one recipient, and must not be provided in expectation of material benefit to the Trust or one of its academies.

7. Gifts to and from Students

- 7.1. In the interests of Safeguarding Children, and to prevent staff from being open to accusation of exerting undue influence, no member of staff is permitted to give a gift to a student. The only exception to this would be where members of staff wish to give all students in a class a token gift of low value e.g. at Christmas.
- 7.2. If a gift is received from a student or the parents' of a student and the value is £15 or over, this gift is to be registered in the Register of Gifts and Hospitality

Appendix 5

Anti-fraud Policy to be read in conjunction with the MAT's Whistleblowing

1. For the purpose of this policy statement fraud includes all irregularities which could normally be described as theft, deception, fraud, corruption, or impropriety. **Fraud is always wrong.** In any organisation, it countermands the management at every level and positive action is needed to prevent and discourage it. The prevention of fraud and the protection of the school is the responsibility of every member of staff.
2. Each discovered loss of arising from suspected theft or fraud shall be reported to the CEO/CFO at the earliest opportunity.
3. In every case, reported suspicions will be passed to the Trust Board. The Chair of the Trust Board will decide on the subsequent course of action after consulting those that are informed.

When fraud is identified, action will be taken to:

- Clarify the situation
- Limit the damage
- Inform the police, if a criminal offence has been committed
- Seek reparation for losses incurred (Ex Gratia payment)
- Revise procedures to prevent any recurrence

4. Reporting of suspected fraud

Any suspicion of fraud should be reported to the CEO/CFO. If it is considered more appropriate the suspicions may be reported directly to the Chair of the Trust Board.

5. After a suspicion is reported

The CEO will make any initial enquiries considered necessary to clarify the situation. In every case and as soon as possible after these initial investigations, he or she will pass the matter to the Chair of the Trust Board. Even if there is no evidence to support the allegation, the CEO must report the matter to the Chair of the Trust Board.

6. The Audit Committee

The management of any investigation will be undertaken by the Audit Committee who will seek advice from the HR consultants.

They will:

- clarify the situation.
- determine who should carry out the investigation
- determine which outside agencies (police, auditors) should be involved
- assess the risk to the school

- determine to whom day to day management of the response should be given
- allocate responsibility for damage limitation action
- determine the course of action to recover losses
- determine the course of action to be taken against wrongdoers seeking HR advice
- evaluate the events which enabled the fraud to occur
- ensure preventative action is taken