Diocese of Norwich Education and Academies Trust

Finance Policy

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Person Responsible:	**Chief Operating Officer**

Our Christian Ethos and Values

All policies within the Diocese of Norwich Education and Academies Trust (hereafter referred to as "the Trust"), whether relating to an individual academy or the whole Trust, will be written and implemented in line with our Christian ethos and values.

We have high ambition for all, and we truly value the wider educational experience.

We walk and talk our Christian values. We put people at the centre of the organisation and want to see them flourish and grow. Our schools are inclusive, welcoming those of all faiths and none.

Overall accountabilities and roles

The Trust has overall accountability for all its academies and staff. Through a Scheme of Delegation it sets out the responsibilities of the Trust, its Executive Officers, the Local Governance Committee and the Principal / Headteacher. The Principal / Headteacher of each academy is responsible for the implementation of all policies of the Trust.

All employees of the Trust are subject to the Trust's policies.

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1 Background

1.1 The purpose of this policy and associated procedures is to ensure that the Diocese of Norwich Education and Academies 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 academy's guidance published by the DfE and with attention to the Academy Trust Handbook. This policy should therefore be read by all staff including those involved with financial systems.

1.3 This policy applies to the Trust and all the Trust's academies, and ancillary facilities such as Nurseries. Adherence to the principles and procedures contained in this policy is mandatory for all.

1.4 This policy is designed to be consistent with:

- Academy Trust Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money"

1.5 This Policy also contains the following appendices:

Appendix 1 Financial Authorisation Levels

Appendix 2 Declaration of gifts and hospitality received

Appendix 3 Fraud Reporting Form

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 directors and staff. Whilst ensuring there is segregation of duties where possible, it is recognised that this presents a challenge in many of our smaller academies. The financial reporting structure is outlined below:

Trust Board of Directors /Trustees and the Finance and Operations & Audit, Governance & Risk Committees

2.2 The Board of Directors / Trustees has overall responsibility for the administration of the academies' finances and the effectiveness of internal controls but delegates certain powers to its Finance and Operations Committee and its Audit, Governance & Risk Committee and to Officers of the Trust through schemes of delegation. However, the Board reserves the right to remove all or part of the delegated powers, although this will be in exceptional circumstances.

The main responsibilities of the Board are prescribed in the Trust Articles of Association and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).

In addition, financial information needs to be prepared in accordance with company and charity law and in line with accounting requirements identified by the Department for Education (DfE).

These responsibilities in relation to financial matters include:

Trust Board of Directors / Trustees ("The Trust")

2.3 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); and
- to hold to account the CEO and Trust staff.

Finance and Operations Committee (a committee of the Trust)

2.4 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 finances and resources, including proper planning, monitoring and probity by:

Finance

- Promoting the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.
- Consider and recommend acceptance/non acceptance of the Trust's budget at the start of each financial year ensuring that the budget aligns to the strategic plan.
- Monitoring income and expenditure on a regular basis.
- Improving the quality of financial reporting by reviewing financial reporting on behalf of the Board.
- Promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement.
- Advising the Board on matters relating to capital development projects and making recommendations to the Board.

Audit, Governance & Risk Committee (a Committee of the Trust Board)

This committee is responsible for scrutinising the Trust internal control systems and risk management arrangements, by:

Audit

- Receiving annual auditors' reports and accounts including annual accounts and recommending to the Board actions as appropriate in response to audit findings.
- Agreeing with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff.
- Monitoring plans and actions agreed by the Trust in relation to audit findings and recommendations.
- Considering all relevant reports by the Comptroller and Auditor General or the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any management letters.
- Reviewing the effectiveness of the Trust internal control systems established to ensure that the aims, objectives and key performance targets of the Trust are achieved in the most economic, effective and environmentally preferable manner.
- Ensuring that the Trust's internal audit provision meets, or exceeds, relevant standards and complies in all other respects with relevant guidelines and meets agreed levels of service.
- Recommending to the Board the appointment or reappointment of the auditors and the annual and long-term audit plans for approval.

The Chief Executive Officer (CEO)

2.5 The Chief Executive Officer is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money".

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which they are 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 considered, and full regard is had to any issues of propriety or regularity.

2.6 The main responsibilities of the CEO include:

- the development of the trusts annual budget;
- the development of medium-term financial planning;
- the regular monitoring of actual expenditure and income against budget;
- authorising payments within the approval limits shown in Appendix 1; and
- authorising changes to the Trust's personnel establishment
- approving the limitation or suspension of delegation to any academy.

Headteachers (Academy level)

2.7 Within the framework of the Trust's approved budget, each academy Headteacher has overall executive responsibility for the academy's activities including financial activities. The Scheme of Delegation sets out the overall delegated financial limits for each academy and these limits may be delegated (within the appropriate thresholds of Appendix 1) to the Academy Finance Managers/Business Managers by the Headteacher, if approved by the Trusts Chief Operating Officer (COO). Over these limits the financial responsibility has been delegated to the Trust's COO.

The Headteacher retains financial responsibility for areas such as:

- the development of the annual budget for the Academy for submission to the Trust's Central Team for consolidating into a Trust budget for consideration by the Finance and Operations Committee;
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them, or by the Chief Executive / Deputy Chief Executive (DNEAT) / Chief Operating Officer under the Scheme of Delegation;
- authorising orders and the award of contracts within the delegated limits shown in Appendix 1;
- authorising payments within the delegated approval limits shown in Appendix 1;
- ensuring the delivery of the academy annual budget as approved by the Trust; and

The Chief Operating Officer (COO)

2.8 The COO works in close collaboration with the CEO through whom they are responsible to the Trust Board. The COO has direct access to the Board. The main responsibilities of the COO 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 records of each academy;
- the preparation of central service budgets and medium term financial plans;
- the consolidation of Academy and Central budgets to provide a Trust Budget for consideration by the Finance and Operations Committee;
- authorising orders and the award of contracts within the delegated approval limits shown in Scheme of Delegation;
- authorising payments within the central approval limits shown in Appendix 1, and for those academy items more than their delegated limits;
- approving the limitation or suspension of delegation to any academy; and
- Centralised procurement (where applicable)

Head of Finance & Central Finance Team (Trust level)

2.9 The Head of Finance, under the guidance of the COO, oversees the day to day running of the Finance Team (Management Accountants and Finance Administrators). This involves processing all financial information into the accounting software and production of the monthly management accounts for each academy. The Finance Team provide support and guidance to the Academy Business Managers / Finance Officers.

The Local Governance Committee (Academy level)

2.10 The Trust has overall responsibility for the administration of the Academy's finances, and has chosen not to delegate financial powers to the Local Governance Committees (LGC).

Internal Audit

2.11 The Trust is required to have in place a process for checking its financial systems, controls, transactions and risks.

2.12 The Board will appoint Internal Auditors (through the Audit, Governance and Risk Committee) to provide an independent oversight of the affairs that are identified as a risk through the Trust Risk Register. Such appointment will be in line with the expectations of the Academies Trust Handbook. The appointed Internal Auditors have direct access to the Board.

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 considered in reaching decisions; and
- risks are identified, and appropriate actions put in place.

The internal auditors will undertake a regular programme of reviews to provide the Board with assurance in relation to the areas of greatest risk

Other Staff

2.13

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 policies and procedures.

Conflict of Interest

2.14 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 directors, senior staff or staff with financial responsibility are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. These declarations are made and managed through the Trust's governance platform. The register can be made available for public inspection. A register will be held at each location of relevant staff within that location.

2.15 The register should include all business interests such as directorships, shareholdings, or other appointments of influence within a business or organisation which may have dealings with the Trust. 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 director or a member of staff by that person.

2.16 The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Those who are considered to have a conflict of interest in the business proposed must absent themselves from any such discussion or vote.

3 Accounting System

3.1 The Trust has an electronic system of financial control to facilitate the proper recording and reporting of the financial activities of the Trust. All financial transactions of the Trust must be recorded on this system.

System Access

3.2 Entry to the accounting system is password restricted and the COO is responsible for implementing a system which ensures that passwords are changed at least annually.

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

Back - up Procedures

3.4 The COO is responsible for ensuring that there are effective back-up procedures for the system as set out in the ICT and Internet Acceptable Use Policy. The risk is mitigated by the accounting system being cloud based.

Transaction Processing

3.5 All transactions input to the accounting system must be authorised in accordance with the requirements 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/user manuals. Online/telephone help is available from the Trust or systems support provider.

Reconciliations of Balance Sheet Accounts

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

sales ledger control account	monthly
purchase ledger control account	monthly
payroll control account	monthly
all suspense / control accounts	monthly
accruals and prepayments	monthly
bank balance per nominal ledger to the bank statement	monthly
VAT monthly transaction review and report	monthly

Any unusual or long outstanding (over 90 days) reconciling items must be brought to the attention of the Head of Finance and the COO.

At the financial year end a working file must be completed as prescribed and submitted to the Head of Finance, together with required documentation for audit inspection.

4 Financial Planning

4.1 The Trust and each academy will prepare both medium term and short-term balanced 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 annual planning process. This plan indicates the expected level of resources over the medium term.

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

Trust Change Plan

4.4 The Trust Change Plan (TCP) is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall core objectives which will be turned into specific objectives for each Academy.

Annual Budget

4.5 The COO and Finance Team are responsible for working with the Headteachers, the Academy Finance Officers / Business Managers and others to prepare a draft annual trust budget. Each academy's budget must be submitted to the Trust Head of Finance to be recommended for approval by the Trust.

The CEO is responsible for presenting (in conjunction with the COO) the consolidated budget to the Board of Trustees for approval.

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

Balancing the Budget

4.7 The Trust and each Academy should set a balanced budget, considering the current level of reserves, medium term projections and the need to invest to meet the longer-term business needs. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Monitoring and Review

4.8 Monthly management accounts sent to the individual academies, or Academy Federations will detail actual income and expenditure against budget for budget holders. Consolidated Trust Management Accounts must be prepared in the same way and provided for the CEO, COO, Finance and Operations Committee and the Board of Trustees, in line with the requirements of the Academies Trust Handbook.

4.9 The monthly consolidated management accounts will be circulated to all Trustees monthly via the Trust's governance platform. This will be available in the same reporting cycle timeline as Academy Budget monitoring (i.e by 15th of following month).

5 Payroll

5.1 The main elements of the payroll system are staff appointments and resignations and Payroll administration / payments.

Staff Appointments

5.2 As part of the annual budget process, the Trust Board will approve a staff establishment for the both the Trust and academies as part of the budget approval process.

5.3 Changes (e.g. the addition of posts) can only be made to this establishment with the express approval of the CEO, Deputy CEO or COO, who will be advised on the financial implications by the COO or the Head of Finance. The financial implications must be given due regard prior to any decision being made.

5.4 Any vacancy can only be filled following sign-off by the Headteacher of the Academy acting in accordance with the Scheme of Delegation and within the authorised establishment (the Trust is responsible for Headteacher vacancies). This sign-off includes confirmation that consideration has been given to alternative approaches before a post is advertised.

5.5 The process in respect of appointment of a new Headteacher will be managed by the Trust and the Trust will also maintain the personnel file for the Headteachers. Any changes to the terms and conditions of a Headteacher will be approved by the CEO or Deputy CEO, following advice from the COO and DoNESC HR Director.

5.6 Any adjustments to pay / benefits outside the Pay Policy set by Trustees must be approved by the CEO, Deputy CEO or COO, following advice from the DoNESC HR Director. This will include any termination settlement.

5.7 Trustees in conjunction with the CEO will approve all appointments to the senior leadership team of the Trust.

Payroll Administration and Payments

5.8 The Trust Payroll is managed through the Diocese of Norwich Education Services Company (DoNESC) on the Trusts behalf and the approval of the Trust Board is needed to change any such arrangements.

5.9 The Trust has agreed Pay Policies. Any variations from these must be approved by the Trust Board on recommendation from the CEO.

5.10 The monthly payroll must be checked by the Academy Business Manager / Academy Finance Officer and approved by the Headteacher prior to payments being made (the Trust CEO/ Deputy CEO /COO may also authorise the payroll for any academy or the Trust overall).

5.11 Any payments or settlement agreements in relation to the termination of employment contracts must be approved by the Trust following confirmation by the CEO. Trust approval is given by the Chair of the Trust and the Chair of the Finance and Operations committee.

6 Procurement

6.1 The Trust aims 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 or Officer may have a conflict of interest are managed with utmost probity, with declarations made to the relevant people.

6.2 Transactions with connected parties, including with directors or governors, must be at cost and not include a profit element, in compliance with the Academy Trust Handbook, and must be declared.

Routine Purchasing

6.3 It is the responsibility of the budget holder to manage the budget, and to ensure that any expenditure is consistent with the objectives of the academy. Adequate budgetary provision MUST exist for all purchases. No Academy employee is permitted to order goods and services without an authorised Purchase Order number generated by the accounting system. In exceptional circumstances the CEO / Deputy CEO, Head of Finance or COO may issue a verbal order to a supplier.

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

6.5 Routine purchases up to £25,000 (exc. VAT) 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, and for expenditure between £5,000 and £25,000 (exc VAT) three quotes must be obtained. In some circumstances it may not be feasible or practical to obtain three quotes for purchases under £25,000 (exc VAT). The COO may waive the requirement where there are sufficient grounds and this does not impact on the Trust complying with its obligations under public procurement regulations. The COO may waive the requirement where they agree this is reasonable and proportionate. The COO must report all waivers of the procurement regulations to the Audit, Governance and Risk Committee. The need for three quotes is not needed if a public procurement framework is being used and the approval of the COO has been obtained. It should be noted a mini competition may be required and the decision of the COO in regard to this must be followed and only the Board may waive such a decision / advice.

The Trust's list of approved suppliers is maintained by the Finance Team on the accounting system. Purchases relating to wider contractual arrangements where there is a fundamental requirement for this contract will take precedence over quotation requirements noted above and a desire to use an alternative supplier. An example of this is IT purchases where items need to be managed on a network where the IT Support provider is responsible for the security and maintenance of this, may be directed to that supplier irrespective of the desire to use an alternative supplier for software or devices connected to the network. There may be other instances as centralised procurement and co-ordination increases to obtain best value. This decision to restrict the use of a supplier for this reason is delegated to both the Head of Finance and the COO. However, if the purchaser considers that better value for money can be obtained by ordering from a supplier not currently used by the Academy then the use of a new provider may be requested to the Head of Finance or COO. The Head of Finance / COO may decline to approve a new supplier if this is likely to have a detrimental impact on wider procurement arrangements or where the financial standing of the supplier demonstrates any concerns. Instructions to a new supplier before they are approved and a purchase order has been raised will be considered as misconduct and dealt with as appropriate through the Disciplinary Policy.

Purchase Orders

Purchase requisitions are required to be approved and purchase orders (PO) are required to be raised prior to the purchasing of all goods and services within the Trust. Retrospective purchase orders are not permitted and any instruction to a supplier prior to an approved purchase order being raised may be managed through the Trust's Disciplinary Policy. Purchase orders are required to be raised for the purchasing of all goods and services within the Trust (subject to the list of exceptions available from the Head of Finance). The exceptions include business rates, utilities along with similar regular costs e.g. telephone and photocopiers where future invoice value is not known. The Head of Finance or COO may add to these exceptions where they determine there is a genuine business reason to do this.

Invoices

The Trust requires suppliers to provide valid invoices in accordance with HMRC requirements. Where a supplier is VAT registered, a fully valid VAT invoice must be issued.

Payment terms for Suppliers – Payment terms for suppliers of goods and services to the Trust are strictly 30 days regardless of whether new or existing suppliers. Any exception to this can only be approved by the Head of Finance or COO.

Quotations (Purchases)

At least three written quotations should be obtained for all orders between £5,000 and £25,000 (exc VAT) to identify the best source of the goods/services.

6.6 Tenders (Purchases)

All goods/services ordered with a value over £25,000 (exc VAT), or for a series of contracts which in total exceed £25,000 (exc VAT) should be subject to formal tendering procedures, Competitive tendering can be considered below this figure, in the interests of best value. Purchases over this figure may fall under UK procurement rules. In all cases Procurement Legislation will supersede this policy guidance

Forms of Tenders

All purchases over £25,000 (exc VAT)

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 COO 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. For most procurement the use of the Multi Quote platform will be the standard route to market.

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 is 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 COO or CEO.

Preparation for Tender

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

The details of elements that should be included in tender and evaluation documentation can be found in separate operational guidance and from the Head of Finance or Chief Operating Officer.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted electronically through the Trusts procurement platform or to a nominated email address outlined in the Invitation to Tender document. Where received by email submissions will not be reviewed, but an acknowledgement or receipt may be given. Tenders received after the submission deadline should not normally be accepted and must be approved by the COO or CEO.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders over £25,000 (exc VAT) one of whom should be the CEO, Deputy CEO or COO.

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 deciding 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 for contracts over £25,000 (exc VAT) a report should be prepared for the CEO / COO highlighting the relevant issues and recommending a decision. For contracts over £100,000 this report should be prepared for the Finance and Operations Committee.

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.

6.7 Any expenditure which appears to be of a contentious or novel nature must be referred to the COO for approval (if below £10,000) or the COO and CEO (if above £10,000). A definition of such expenditure is that which might attract public attention. Examples of what could be novel and contentious would include bonus or ex-gratia payments for staff, contributions to charities, and payments to family or friends of staff.

Credit Cards and Purchasing Cards

6.8 The Trust makes a limited number of corporate credit cards available for officers and Headteachers; the financial limit on each card is currently £2,000 (£5,000 for All Through and Secondary Academies) reviewed regularly by the Head of Finance or COO. Each request

for a corporate credit card is assessed on an individual basis and will be approved only by the Head of Finance or COO.

Under no circumstances should a corporate credit card be used for personal expenditure. Instances where this occurs will be dealt with under the Trust's Disciplinary Policy.

Upon cessation of employment with the Trust, any Trust issued credit card must immediately be returned to the COO.

Purchasing and Payment of items using the Trust Corporate Credit card

The use of a Corporate Credit Card is only permitted where it is not possible to follow normal purchasing procedures and raising a purchase order to an approved supplier. This may be due to the use of a one-time supplier where a purchase can only be completed by credit card. The requirement to consider approved suppliers first remains and any request to make a purchase through a Corporate Credit Card where it would be reasonable to use an approved supplier must be declined. Timeliness and poor planning is not an acceptable rationale for using a credit card to complete a transaction.

7 Income

7.1 The main sources of income for the Trust are the:

- General Annual Grant (GAG) - monthly payments from the DfE to maintain the day to day running of each academy
- Local Authority Funding – termly funding to support pupils with additional needs and for nursery provision
- School Condition Allocation (SCA) funds (capital funding) received from the DfE to ensure academies remain 'safe, warm and dry' (Trusts with over 3,000 pupils).
- Devolved Formula Capital (DFC) funds received from the DfE for each individual academy to maintain their buildings and fund small-scale capital projects

The Trust must ensure all grant income is correctly recorded, monitored and reconciled in accordance with the Academy Trust Handbook.

7.2 The Trust also obtains income from:

- Pupils and students, for example trips, activities, uniforms, school dinners
- the public, mainly for lettings
- local charities

Trips

7.3 The designated lead teacher will be responsible for estimating the costs and arranging with the Academy Business Manager / Academy Finance Officer to set the trip up on the

portal utilised by Academies to administer parental contributions. A reconciliation should be produced with the help of the Academy Finance Officer/Business Manager to ensure the financial viability of each trip and to ascertain whether it should go ahead or not.

Should a trip not run, refunds may be made via the same portal utilised to collect parental contributions. If a cancellation is made, or there is non-attendance by a student, refunds are at the discretion of the Headteacher, but only where the trip ends in surplus once all expenditure met.

Lettings

7.4 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.

7.5 No debts should be written off without the express written approval of the CEO or COO (in accordance with the Scheme of Delegation).

8 Cash Management

Bank Accounts

8.1 The opening of all accounts must be authorised and executed centrally by the Trust (as advised by the CEO, Deputy CEO and COO) who will set out the arrangements covering the operation of accounts, including any transfers between accounts and authorised signatories. All accounts will require at least two authorised signatories. The operation of systems such as Bankers Automated Clearing System (BACS) and other means of electronic transfer of funds will also be subject to the same level of control and will require at least two user's involvement. Academies are not permitted under any circumstances to open banking or savings accounts.

8.2 In order to manage the trust cash more productively, the Trust will process all transactions through one central bank account and close all individual academy accounts.

Deposits

8.3 The Trust operates a cashless income system. All income received from parents and caregivers must be collected through approved electronic payment methods.

Payments and withdrawals

8.4 The Trust's bank accounts must be reconciled regularly to the accounting records and each reconciliation must be reviewed by the Head of Finance to ensure accuracy and prompt resolution of any discrepancies.

Petty Cash Accounts

8.5 The Trust do not permit any petty cash accounts.

Cash Flow Forecasts

8.6 The Head of Finance is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the Trust has sufficient funds available to pay for day to day operations.

Investments

8.7 Investments will be centrally managed by the Head of Finance or COO on behalf of the Trust in accordance with the Treasury Management Policy approved by the Trust.

8.8 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated.

8.9 A Deposit account may be provided for the Trust and may be used for certain restricted funds.

9 Capital & Fixed Assets

9.1 All Capital Expenditure must be approved in line with this policy and in accordance with the authorisations outlined at Appendix 1.

All fixed asset additions, as identified in paragraph 9.3, must be approved by the CEO or COO.

9.2 All expenditure on IT equipment, IT infrastructure and related IT developments over £2,500 must be approved by the COO, who will liaise with the CEO to ensure that investment is consistent with the Trust's overall IT strategy. The Trust will maintain its inventory and the fixed asset register for calculating depreciation.

Asset register

9.3 All items purchased with a value over the academy's capitalisation limit of £2,500 must be capitalised unless the Head of Finance or COO conclude the item is not capital in nature in line with relevant Accounting Standards. Expenditure in excess of £500 may also be capitalised (in accordance with paragraph 9.5) even though the individual asset price is below £2,500. All other assets below this value will be charged to the income and expenditure in the year of purchase.

9.4 The purpose of the Fixed Asset Register is to:

- 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;

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

9.5 Expenditure on items in excess of £500 may also be deemed as capital expenditure, even though the individual asset price is below £2,500, where the purchase is part of a grouped asset, which is where collectively, a number of items have a cost of at least £2,500 and individually have a cost of more than £500 and where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control. This is intended to ensure that items such as an IT device refresh, or the replacement of classroom furniture etc., where each individual item is below £2,500 are regarded as assets and recorded as such.

9.6 The Fixed Asset Register should include the following information where available:

- Asset description
- Asset number
- Date of acquisition (where available)
- Asset cost (where available)
- Expected useful economic life
- Depreciation (where applicable)
- Current book value (where applicable)
- Location

Security of Assets

9.7 Stores and equipment must be secured by means of physical and other security devices.

9.8 All the items in the Fixed Asset Register should be permanently marked as either the Trust's or Academy's property and there should be a regular checks. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and reported to the Trust COO. Inventories of Trust property should be kept up to date and reviewed regularly. Assets used but not owned by the trust or academy should also be recorded and reviewed regularly as part of the same review process.

Loan of Assets

9.9 Items of Trust property, except staff and student laptops or tablets, must not be removed from academy or trust premises without the authority of the Headteacher, COO, Deputy CEO or CEO accordingly.

9.10 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 of assets should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Disposals and Redundant Equipment

9.11 The COO has the authority to declare equipment, furniture and other assets and stores surplus to requirements and to make arrangements for their sale, provided the items concerned were purchased in whole or in part with grant from the DfE. Where originally funded by other donors, the COO should consider whether they need to be consulted.

9.12 Items which are to be disposed of by sale or destruction must be authorised for disposal and recorded on the Fixed Asset Register (where applicable). Where the expected value is over £10,000 any sale should be by competitive tender (this may be waived by the CEO or COO in exceptional circumstances). The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant of more than £20,000 was received.

9.13 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. Any disposals that are made need to be approved by the COO.

9.14 All disposals of land must be agreed in advance with the Secretary of State and can only be undertaken by the Trust Head Office with Trustees approval.

Leases

9.15 The Trust can enter into operational leases as outlined in the Academy Trust Handbook.

9.16 Finance leases are classed as borrowings and can only be entered into with the specific authority of the DfE. The Trust may enter a Finance Lease on an asset on the DfE approved list as published in the Academies Trust Handbook.

9.17 All leases must be approved by the COO who will liaise with the Headteacher or CEO as appropriate.

10 Depreciation

10.1 The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.

10.2 Depreciation rules form part of the Accounting Policies within the statutory financial statements and any amendment to these will be approved by the board in advance of preparing the annual statements.

11 Reserves and Investments

11.1 The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.

11.2 The Trust reserves policy is to aim to hold revenue reserves equivalent to at least 5% of turnover.

11.3 Academy revenue reserves are centralised and form part of the three-year budget planning calculations.

11.4 The Trust has a separate Treasury Management Policy.

12 Staff Travel and Expenses

12.1 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 business expenses include:

- Travel by public transport;
- Use of own car and parking (excluding home to work travel);
- Unavoidable, or necessary, reasonable overnight accommodation; and
- Reimbursement for approved items bought on behalf of the Trust (This should be avoided wherever possible, with such purchase made direct by the Academy).

12.2 All staff claims must be made through the electronic expenses system and are paid through the Trusts financial system.

12.3 Under no circumstances should the purchase of alcohol be approved.

12.4 Responsibility for authorising business travel rests with the Headteacher or Line Manager in accordance with delegations as shown at Appendix 1. Employees should seek approval in advance for any unusual journeys where there may be any doubt about the legitimacy of the journey or the amount of mileage that can be claimed.

13 Tax

13.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the COO to ensure VAT compliance and correct reporting.

13.2 The COO will ensure that Corporation Tax returns where required are completed on time and in accordance with legislation.

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

14 Insurance

14.1 The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate. All Academies will take membership of the DfE Risk Protection Arrangement (RPA) Scheme and seek other insurances through the Trust's recommended broker except for minibuses, engineering equipment which is agreed to be procured locally.

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

14.3 The Trust and Academies will not give any indemnity to a third party.

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

15 Bad Debts

15.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance and the guidance in the Finance Standard Operating Procedure.

15.2 The Chief Operating Officer must be notified promptly of any bad debts and will determine whether legal action is appropriate or whether a write-off should be proposed. All write-offs must comply with the Academy Trust Handbook, the Trust's Financial Authorisations, and the Funding Agreement, including the requirement to give 30 days' notice to the Secretary of State for Education where applicable.

Debts below the threshold set out in the Annual Letter of Funding may be approved in accordance with the Trust's delegated authorities. Debts above this threshold require the prior written consent of the Secretary of State for Education

15.3 To ensure sound internal control, staff that 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 although the neither the Trust nor the Academies are currently required to be registered for VAT.

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

16 Financial Probity

It is important that Members, Trustees, Governors and members of staff act, and are also seen to act, impartially. The Members and the Board of Trustees of the Trust seek to run all aspects of the Trust's financial management and business activities with high standards of conduct and integrity.

To this end the Trust requires its employees and volunteers to follow the 'Nolan Principles that should be applied to public life. Trustees and those with decision making responsibilities are required to make a declaration of interest through the Trusts Governance platform.

16.1 Gifts and Hospitality

Members, Trustees, Governors and members of staff should avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. They are required to inform the Trusts Chief Operating Officer of offers, as detailed below, of gifts and hospitality offered in connection with their links with the academy or Trust as they arise, and whether the offer was accepted or declined (see declaration Appendix 2).

The acceptance of gifts and hospitality can potentially compromise Members, Trustees, Governors and members of staff. Great care should be taken in dealing with commercial organisations and the following guidance should be followed:

Recommended limits Gifts, Hospitality, Entertainment or other services	**Information on acceptance/referral/declaration**
Below £10 (occasional/one offs)	Deemed acceptable (see guidance below) Declaration not required
Below £50 cumulatively in any single year (regular)	Advisory Band - please refer to the Trust Chief Operating Officer before accepting. To be formally registered
Above £50 (either singularly or cumulatively)	To be declined AND must be registered
NB: Any gifts/ favours that are sustained or Members, Trustees Governors /staff have concerns about that may compromise their integrity should be documented.	

The trust is required to publish information about Gifts and Hospitality declared and received.

16.2 Anti-Fraud

The anti-fraud elements of this policy are required to ensure that the Trust is protected, to the best of its ability, against fraudulent activity which could result in financial losses and reputational risks.

Aims:

- To avoid any fraudulent activity from both internal and external parties.
- Protect the Trusts resources.
- To provide a clear reporting process to all stakeholders when fraud is suspected.
- To meet audit and DfE regulations.

The Trust is committed to the prevention of fraud and the promotion of an anti-fraud culture.

The Trust operates a zero-tolerance attitude to fraud and requires all staff, members, trustees, governors and volunteers to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.

The Trust will investigate all instances of actual, attempted or suspected fraud and will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.

This policy applies to all staff (full time, part time, temporary and casual), consultants, contractors, volunteers and Trust Members and Trustees and also the local governance Committees.

Definition of Fraud

The term ‘ fraud' is often used to describe complex financial offences such as false accounting. However, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that isn’t true. Examples might include:

- Sending fake invoices for goods and services that weren't ordered or received.
- Use of Trust or academy's charge card to make personal purchases.
- Intercepting a Trust or academy cheque and amending the name of the payee and/ or the amount.
- Submitting false claims for sickness or expenses.

Individuals caught committing fraud can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information or abuse their position.

Key Responsibilities

The Chief Operating Officer is responsible for:

- Developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud.
- Testing the system of internal control and seeking independent assurance when appropriate.
- Regularly reviewing the anti-fraud policy and compliance with it to ensure it remains effective and relevant to the needs of the Trust.
- Reporting compliance with the policy on at least an annual basis to the Board of Trustees.
- Reporting allegations of actual, attempted or suspected fraud to the Board of Trustees.
- Ensuring all allegations of fraud are investigated appropriately, in compliance with relevant policies, procedures and legislation and commencing disciplinary and/ or legal action where appropriate.

The Board of Trustees is responsible for:

- Overseeing the financial performance of the Trust, including its assets, making sure the Trust's money is well spent and measures are in place to prevent losses or misuse, including arrangements for preventing and detecting fraud.

Staff are responsible for:

- Ensuing they adhere to the agreed policies and procedures, thereby protecting the Trust's reputation and assets from fraud.
- Reporting allegations of actual, attempted or suspected fraud to the Headteacher, Chief Operating Officer, Chief Executive Officer and /or the Board of Trustees.
- Cooperate with investigations of suspected fraud when requested to do so.

Reporting Suspicions

The Board of Trustees and staff are an important element of the Trust's stance on fraud and are required to raise any concerns that they may have. The Board of Trustees and Chief Executive Officer will deal with any financial irregularities robustly.

Staff should immediately report any concerns about actual, attempted or suspected fraud to the Chief Executive Officer. However, if the concerns relate to the Trust Chief Executive Officer, staff should report their concerns to the Chair of the Board of Trustees.

Under no circumstances should staff investigate the matter themselves.

Should a Member, Trustee, Governor or member of staff wish to seek advice about how to deal with an allegation of fraud, or want to report the matter anonymously, they should contact the Trust's auditors.

17 Monitoring Outcomes and Review

17.1 Outcomes of this policy will be monitored and reviewed by regular internal checks and scrutiny by senior management.

17.2 Effectiveness of this policy and any associated procedures will also be monitored by the Finance and Operations Committee and Audit, Governance and Risk 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 Audit, Governance and Risk Committee. Findings and recommendations will be used to revise this policy and associated procedures; this will be undertaken by referring any recommendations for changes to the Audit, Governance and Risk Committee and feeding back to academies.

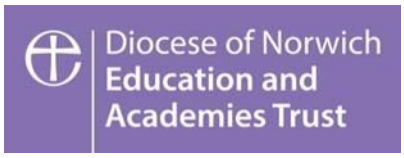
Appendix 1: Financial Authorisation Levels ✓ = Main authoriser, + = may also authorise

	Board of Trustees	Finance & Operations Committee	Chair of Trustees and CEO	CEO	COO	Deputy CEO	Academy Group Executive Principal	Head Teacher	Academy Business Manager	Nominated Budget Holders	Panel
Approval of Annual Budget/ 3-year plan	✓										
Variations to budget heads (virements) over £50,000	n/a	+									
Variations to budget heads (virements) £10,000 to £50,000	n/a	+	+	+	✓	+					
Variations to budget heads (virements) up to £10,000	n/a	+	+	+	+	+		✓			
Trust – authorise expenditure											
All other matters not covered below	✓										
>£100,000	+	✓									
£10,000-£100,000	+	+	+	+	✓	+					
<£10,000 (Head of Finance)	+	+	+	+	✓	+				✓	
<£5,000 (Head of Operational Department)	+	+	+	+	+	+				✓	
Utility Costs <£5,000 (Management Accountants)	+	+	+	+	+	+				✓	
Contracts > 12 months and over £100,000	+	✓									
Contracts > 12 months and under £100,000	+	+	+	+	✓	+					
Contracts < 12 months and under £100,000	+	+	+	+	✓	+					
Secondary / All Through Schools Authorise expenditure (in line with SOD)											
>£100,000	+	✓									
£50,000-£100,000 (notify FARC)	+	+	+	+	✓	+					

	Board of Trustees	Finance & Operations Committee	Chair of Trustees and CEO	CEO	COO	Deputy CEO	Academy Group Executive Principal	Head Teacher	Academy Business Manager	Nominated Budget Holders	Panel
£5,000 - £50,000	+	+	+	+	+	+		✓			
£1,000-£5,000	+	+	+	+	+	+		+	✓		
Authorise expenditure up to £1,000	+	+	+	+	+	+		+	✓	+	
Contracts > 12 months and over £100,000	+	✓									
Contracts > 12 months and under £100,000	+	+	+	+	✓						
Contracts < 12 months and under £100,000	+	+	+	+	✓	+					
Contracts <12 months and under £30,000	+	+	+	+	+	+		✓			
Primary Academy Authorise expenditure											
>£100,000	+	✓									
£30,000-£100,000 (notify FARC)	+	+	+	✓	✓						
£5,000-£30,000	+	+	+	+	✓	+					
£1,000 - £5,000	+	+	+	+	+	+		✓			
Authorise expenditure up to £1,000	+	+	+	+	+	+		+	✓		
Contracts > 12 months	+	+	+	+	✓						
Other Matters											
Authorise appointment/ salary of permanent and temporary staff at Academy				+	+	+		✓			✓

	Board of Trustees	Finance & Operations Committee	Chair of Trustees and CEO	CEO	COO	Deputy CEO	Academy Group Executive Principal	Head Teacher	Academy Business Manager	Nominated Budget Holders	Panel
Authorise appointment/ salary of permanent and temporary staff in central company except for CEO, Deputy CEO and COO				✓							
Authorise appointment/ salary of Senior post holders (CEO, Deputy CEO, COO)	✓										
Authorisation of payroll				✓	✓	+		✓	✓		
Authorisation of Head teacher expenses claims				+	+	+	✓				
Advertising of tenders	+	+	+	+	✓						
Authorisation of disposal of assets over £5,000	+	+	+	+	✓						
Authorisation of disposal of assets under £5,000	+	+	+	+	✓						

Appendix 2: Declaration of gifts and hospitality received



DECLARATION OF GIFTS AND HOSPITALITY RECEIVED

NAME: ……

ROLE:…….

DESCRIPTION OF GIFT/HOSPITALITY RECEIVED:
ESTIMATED/ACTUAL VALUE: £ ……

Signed: …… Date: ……

Role: Member, Trustee, Governor or member of staff

If in Advisory Band – authorisation needed from the Trust Chief Operating Officer

Signed: …… Date :……..

Appendix 3: Fraud Reporting Form

Diocese of Norwich Education and Academies Trust

FRAUD REPORTING FORM

If you have any concerns about fraud please print and complete this form and address it to the Chief Executive Officer, Orchard House, Hall Lane, East Tuddenham, NR20 3LR. If the concern raised relates to the Chief Executive Officer, please send the form to the Chair of the Board of Trustees at the above address.

You do not need to give your name. All the information provided will be treated in confidence.

Name of the person(s) or organisation you suspect:

Address: (if known)

Place of work / department / job title: (If known)

Please provide details of your suspicions. You should include as much information as possible. For example, what was said in telephone or other conversations, dates, times and places, vehicles used, as well as the names of any other parties involved: (Continue on a separate page if necessary and attach any additional evidence you may have)

Your details: (please leave blank if you wish to remain anonymous)
Name:

Telephone number or contact:
Address: