



Finance Policy

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Finance Policy

Contents

Glossary of Terms

1. Introduction and statement of intent

2. Scope and applicability

3. Roles and responsibility

3.1 Members

3.2 Trustees/Governors - Multi Academy Trust

3.2.1 Trustees – Multi Academy Trust

3.2.2 Governors – Multi Academy Trust

3.3 Finance Audit and Risk Committee

3.4 Accounting officer

3.5 Chief Finance Officer

4. Governance and financial oversight

4.1 Internal Control

5. Financial Planning

5.1 Managing Surplus General Annual Grant/Reserves

5.2 Investments

6. Income Generation

6.1 Charging and Remissions

6.2 Lettings

7. Procurement and Tendering

7.1 Contract management

7.2 Leases

7.3 Borrowing

8. Connected Party Transactions

8.1 At Cost/Full Cost – Definition for provision or receipt of goods and services

8.2 De Minimis for “At Cost/Full Cost” transactions

8.3 Professional services

8.4 Documentation

8.5 Governor Allowances

9. Novel and/or contentious transactions

10. Delegated Authority – Special payments to staff

10.1 Staff severance payments

10.2 Compensation payments

10.3 Ex gratia payments

10.4 Gifts and Hospitality

11. Fixed Assets Accounting

12. Accounting Adjustments

13. Fund Accounting

13.1 Income recognition within Funds

14. Retention of Finance and Payroll Records

15. Whistleblowing

16. Risk Management

Appendix A - The Seven Principles of Public Life

Appendix B - Period End Procedures Checklist

Appendix C – Financial Scheme of Delegation

Appendix D – The Annual Budget Cycle

Appendix E – Associated Documentation

GLOSSARY OF ACADEMY TERMS

- AAR Academy Accounts Return** - a financial return submitted to the ESFA reflecting the Annual Financial Statements in a format appropriate for inclusion in the Whole Government Accounts
- AO Accounting Officer** - the AO is responsible for compliance with the Academies Financial Handbook and Academies Accounts Direction. The individual **must** be a fit and suitable person for the role. In trusts comprising a single academy, this should be the principal. In multi-academy trusts, it should be the chief executive or executive principal
- AoA Articles of Association** – the AoA set out the internal management, decision making and running of the academy trust and its liability. It forms an annex to the FA for each academy
- CFO The Chief Finance Officer** – the CFO is the individual who leads the finance department, such as the Business Director
- CPT Connected Party Transactions** - CPT are transactions related to the provision of goods or services by individuals or organisations connected to the academy trust
- DfE Department for Education** - The DfE is the 'principal regulator' of academies. It is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured
- ESFA Education & Skills Funding Agency** –The ESFA is the executive agency of the DfE, who also act as the agent of the Secretary of State
- FA Funding Agreement** - Legally binding document between the Academy and the DfE
- GAG General Annual Grant** - main funding grant received from the EFA
- IS Internal Scrutiny** – this is a process for checking the trust's financial systems, controls, transactions and risks
- MoA Memorandum of Association** - the MoA sets out the name of the academy trust. It provides for details of the academy trust members under the Companies Act 2006. It forms an annex to the FA for each academy
- SORP Statement of Recommended Practice** - academies must comply with the Charity SORP
- SoS Secretary of State**

[Back to Contents](#)

1. Introduction and Statement of Intent

The purpose of this Finance Policy is to support Greensand Multi-Academy Trust (“the Trust”) operating with accountability and transparency, meeting the requirements of the Funding Agreement, Academies Financial Handbook, Academies Accounts Direction, Companies Act 2006 and the appropriate Charities SORP.

[Back to Contents](#)

2. Scope and applicability

- This Policy applies to all Members, Trustees, Governors and staff of the Trust.
- Members of these groups involved with the financial management of the Trust should be familiar with the content of this Policy, any related policies and procedures, The Academies Financial Handbook and The Academy Accounts Direction.
- The Trust accounting policies are fully aligned with the Academies Financial Handbook, Academies Accounts Direction, and the appropriate Charities SORP.
- All accounting transactions will be undertaken accordingly. Where there is scope/requirement for local decision making regarding any financial transactions, this is indicated within the Finance Policy or associated policies and procedures including the Financial Scheme of Delegation. **(Appendix C)**.

[Back to Contents](#)

3. Roles and responsibility

- All Members, Trustees, Governors and staff of the Trust must adhere to the ‘seven principles of public life’. **(Appendix A)**
- The specific roles and responsibilities of all groups of people/ individuals who carry financial and assurance responsibilities within the Trust are set out below.
- The DfE will be notified via GIAS of any alterations to the personnel performing the roles of Member, Trustee, Local Governor, Chairs of Trustees/Local Governing Boards, Accounting Officer and Chief Financial Officer.

[Back to Contents](#)

3.1 Members

The Members of the Trust are the subscribers to our Memorandum of Association, and any other individuals permitted to become Members under our Articles of Association. Their powers include the authority to appoint and remove Trustees. If the Trust ceases to exist they have a limited financial liability defined in the Memorandum and Articles of Association.

There may be an overlap of people being both Members and Trustees, this group will deal with both levels of responsibility, but a distinction between the two will be maintained to ensure that Members provide oversight and challenge of the Trust.

[Back to Contents](#)

3.2 Trustees/ Directors/ Governors – Multi-Academy Trust

1. For multi-academy trusts, the terms Trustee and Director are interchangeable. For the purpose of this Policy, the group is referred to as the Trustees.

[Back to Contents](#)

3.2.2 Governors – Multi-Academy Trust

Each of the schools who are part of the Trust have a Local Governing Board (LGB).

The LGB is responsible for the local management of the academy; their responsibilities and associated level of delegation are defined through the Trust's Articles of Association, Terms of Reference, the Trust's Scheme of Delegation and Financial Scheme of Delegation and the Trust's policies.

The LGB evidence that their responsibilities are met through contribution to:-

- Review of the financial monitoring reports on a *termly* basis, ensuring that variances between budget and actual income and expenditure are understood and addressed;
- Benchmarking key performance indicators against similar schools;
- Governance Statement within the Annual Report and Financial Statements;
- Production and monitoring of a Risk Register
- IS reports and subsequent actions;
- Minutes of meetings;
- Professional service request correspondence.

3.3 Finance, Audit and Risk Committee

- The Trust's Board of Trustees have appointed a dedicated Finance, Audit & Risk Committee (FAR Committee) to provide assurance over the suitability of, and compliance with, its financial systems and operational controls. At school level, the LGB may appoint a particular committee to undertake financial monitoring and control. This will need to take into account the differing risks and complexity of its operations.

The FAR Committee provides assurance to the Trust Board that risks are being adequately identified and managed by:-

- reviewing the risks to internal financial control at the Trust; and
- agreeing a programme of work to address, and provide assurance on those risks.

To support this, the FAR Committee have appointed:

- *the Trust's external auditor to perform a supplementary programme of work, which includes an internal audit of schools*

to carry out internal scrutiny which supports this aim.

The FAR Committee evidence that their responsibilities are met through:-

- Professional service request correspondence
- Planning a programme of works informed by the Risk Register & Risk Management Policy
- IS reports and subsequent actions
- Minutes of meetings

[Back to Contents](#)

3.4 Accounting Officer

The Accounting Officer (AO) of the Trust is the Executive Principal and they must have the skills, knowledge and experience to run the Trust. The AO serves as the principal, or chief executive, and is an ex-officio trustee.

The AO has a personal responsibility to Parliament and to the Accounting Officer of the ESFA for the resources under the Trust's control. The Accounting Officer (CEO) is able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- Value for Money
- Regularity
- Propriety

The CEO will advise the Board of Trustees in writing if at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Articles of Association, Funding Agreement or the Academies Financial Handbook. Where the Board of Trustees is minded to proceed, despite the advice of the AO, the AO must consider the reasons the Board gives for its decision. If, after considering those reasons the AO opinion is still that the action proposed by the Board is in breach of the AoA, the FA or the Academies Financial Handbook, the AO must notify the ESFA's accounting officer immediately, and in writing.

The AO evidences that their responsibilities are met through:-

- Monthly meetings with the Business Director to:-
 - authorise/verify that the appropriate period end procedures have been undertaken as specified in Appendix B ensuring:-
 - Reconciliation of bank and system software – no unreconciled transactions exceeding 30 days.
 - Verify that payroll transactions accurately reflect approved contracts of employment and additional payments, ensuring that senior employees' payroll arrangements fully meet their tax obligations and that they comply with HM Treasury's guidance
 - Reconciliation of Payroll Control Accounts to Payroll statement
 - Reconciliation of Trade Creditors/Debtors – no entries exceeding terms and conditions/paid more promptly than necessary
 - Reconciliation of VAT Reimbursement control account to outstanding HMRC VAT claims
 - HMRC VAT return submitted
 - Accounting Adjustments performed as per section 12
 - review the period end management reports as specified in Appendix B:
 - Balance sheet produced, balances and financial position is as anticipated
 - Cash flow produced, re-profiled as necessary, and raises no issues
 - Financial Management Report produced, re-profiled as necessary, outturns verified, and raises no issues
 - Verify the reported net expenditure agrees to the Summary Trial Balance
- Compliance with the Financial Scheme of Delegation, ensuring separation of duties – **(Appendix C)**
- Verifying that an accurate Fixed Asset Register/Inventory is maintained
- Production of a Risk Register and subsequent actions
- IS reports and subsequent actions
- Benchmarking key performance indicators against similar schools
- Minutes from appropriate LGB/Trustee committee meetings
- A review of Value for Money within the Governance Statement in the annual report and financial statements
- Statement of Regularity, Propriety and Compliance in the annual report and financial statements

The CEO receives an annual letter from the ESFA clarifying their key responsibilities. This will be shared with the Business Director, SLTs and Board of Trustees/Governors.

[Back to Contents](#)

3.5 Chief Finance Officer (Business Director)

The Business Director should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts. The Chief Finance Officer (CFO) must have the skills, knowledge and experience to contribute to the management of the Trust.

The BD shows that their responsibilities are met through:-

- Monthly meeting with the CEO to:-
 - evidence that the appropriate period end procedures have been undertaken as specified in Appendix B
 - evidence that payroll transactions accurately reflect approved contracts of employment and additional payments, ensuring that senior employees' payroll arrangements fully meet their tax obligations and that they comply with HM Treasury's guidance
 - review the period end management reports as specified in Appendix B

Termly submission of management reports to the FAR Committee, ensuring that variances between budget and actual income and expenditure are understood, addressed and explained appropriately.

- Compliance with the Financial Scheme of Delegation, ensuring separation of duties – **(Appendix C)**
- Ensuring that an accurate Fixed Asset Register/Inventory is maintained
- Risk Register and subsequent actions
- Ensuring an IS audit is supported
- IS reports and subsequent actions
- Supporting benchmarking key performance indicators against similar schools
- Copies of minutes from appropriate SLT/LGB/Trustee committee meetings
- A review of Value for Money
- Timely submission of ESFA reporting requirements
- Ensuring production of an Annual Report and Financial Statements that adhere to all financial/accounting policies
- Ensuring an annual external audit is supported and reflected in the Independent Reporting Accountant's Assurance Report on Regularity within the Annual Report and Financial Statements

The AO and CFO will attend quarterly meetings with Headteachers and Business Managers of all schools within the Trust to discuss the relevant quarterly figures.

3.6 All staff members

All staff members are:

- appropriately qualified and/or experienced responsible for:-
 - the security of Trust property
 - avoiding loss or damage
 - ensuring economy and efficiency in the use of resources
 - conforming with the requirements of the Trust's financial policies and procedures
 - reporting any misuse of Trust property or resources to their line manager.

[Back to Contents](#)

4. Governance and financial oversight

- The Board of Trustees has approved a written:
 - Financial Scheme of Delegation of financial powers that ensures appropriate separation of duties – **(Appendix C)**
 - internal control framework/financial procedures that support the maintenance of robust internal control arrangements and full and accurate accounting records
- The Trust has appointed a Finance, Audit & Risk Committee to which the Board delegates financial scrutiny and oversight.

[Back to Contents](#)

4.1 Internal Control

The Trust has established a control framework that recognises public expectations about governance, standards and openness.

The internal control framework includes: (Annexes and associated policies indicated where they support the internal control framework/procedures):

- a monthly meeting between the Chair of Trustees, the Accounting Officer and the Business Director to discuss the monthly management accounts and to provide an overview of the current consolidated financial position of the Trust;
- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties – Appendix B,C;
- preparation of monthly budget monitoring reports;
- ensuring that delegated financial authorities are respected - Appendix C;

- effective planning and oversight of any capital projects - Procurement and Tendering Policy/Internal Control Framework;
- the management and oversight of assets – Appendix C/Write off and Disposals Policy;
- the propriety and regularity of financial transactions – Appendix B;
- reducing the risk of fraud and theft – Whistleblowing Policy and Anti-Fraud Policy;
- ensuring efficiency and value for money in the organisation’s activities - Procurement and Tendering Policy;
- a process for independent checking of financial controls, systems, transactions and risks - Programme of internal scrutiny works informed by the Risk Register.

[Back to Contents](#)

5. Financial Planning

The Trust will prepare financial plans to secure the short-term and long-term financial sustainability of the trust. A balanced budget for all funds, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA annually in line with the ESFA timeline and following their template.

The Board of Trustees will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

Evidenced by:

- Minutes of meetings
- The submission of the annual budget, informed by the School Development Plan and approved by the Board of Trustees to the ESFA (Revenue & Capital)
- The submission of a three year budget plan, informed by the School Development Plan to the Board of Trustees (Revenue & Capital)
- Cash flow statement submitted to Trustees

[Back to Contents](#)

5.1 Managing Surplus General Annual Grant/Reserves

- The Trust funding is based on pupil census data.
- Schools are committed to using the allocated GAG funding for the full benefit of our current pupils.
- Any surplus balances are currently held by individual schools within the Trust.
- The member schools refer to the Reserves Policy within the framework of the Trust’s Accounting Policies.

[Back to Contents](#)

5.2 Investments

- The Board of Trustees may invest to further their Trust's charitable aims, but will ensure that investment risk is properly managed. When considering making an investment, the Board of Trustees will only act within their powers to invest as set out in the Trust's Articles of Association.
- The Trust has an Investment Policy to ensure that security of funds takes precedence over revenue maximisation and to ensure value for money. At present, this is limited to deposits in interest bearing accounts held with Lloyds Commercial Banking.

[Back to Contents](#)

6. Income Generation

- The schools within the Trust set fees for their chargeable services at full cost, **and only apply an additional rate of return when in a commercial environment.**
- Fees and charges for the cost of public services to other Government funded companies or bodies will be determined at full cost as per annex 6.1 of [HM Treasury's Managing Public Money](#).

[Back to Contents](#)

6.1 Charging and Remissions

The Trust has a policy in place for Charging and Remissions to cover items such as classroom sales, trips and activities in line with the [DFE guidance](#) for maintained schools.

[Back to Contents](#)

6.2 Lettings

The Trust has a policy in place to govern lettings. The policy is a statement of the aims, principles and strategy used for dealing with lettings at the Trust, and contains a schedule of chargeable rates.

[Back to Contents](#)

7. Procurement and Tendering

- The Trust has a Competitive Tendering Policy in place for procurement and tendering that reflects the DFE, and EU Public Sector Procurement, low, medium and high level [procurement procedures](#).
- The policy includes appropriate guidance and the details of any appropriate approvals required regarding any operating lease arrangements that may be considered during a procurement process.

7.1 Contract management

- All contracts are listed in an excel spreadsheet with the relevant expiring dates.
- The School Business Managers and Business Director review this annually when the budget is set to determine which contracts are due for renewal in the coming year.
- This supports a timely, appropriate procurement process that supports the VFM aims of economy, efficiency, and effectiveness.

7.2 Leases

- The Trust is aware that they may only enter into Operating Leases e.g. rental agreements.
- The Trust will ask for the Secretary of State's consent if we wish to:
 - take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
 - take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years;
 - grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

7.3 Borrowing

- The Trust is aware that it **must** seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.
- Purchasing cards will only be used for business (not personal) expenditure, and balances cleared before interest accrues.
- The Trust is aware that the Secretary of State's general position is that academy trusts will only be granted permission for borrowing in exceptional circumstances. But that from time to time, the Secretary of State may introduce limited schemes

in order to meet broader policy objectives. For example, the Department's Condition Improvement Fund for capital projects, and the Salix scheme designed to support energy saving which will be applied for as appropriate.

[Back to Contents](#)

8. Connected Party Transactions

Connected Party Transactions are goods or services provided by individuals or organisations connected to the academy trust. In order to ensure that there can be no real or perceived conflicts of interest the Trust has adopted the following policy in line with the Academies Financial Handbook:

The Trust Schools will 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 Trust
- any individual or organisation connected to a Member or Trustee of the 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 Trust, or anybody related to such individual or organisation;
 - any individual or organisation recognised by the Secretary of State as a sponsor of the Trust, or anybody related to such individual or organisation.

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

The 'at cost' requirement does not apply to the Trust's employees unless they are also one of the parties described above, i.e. connected to a Member or Trustee of the Trust.

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.

Should any staff/personnel of an individual or organisation connected to a Member or Trustee of the Trust be based in, or work from the premises of, the Trust, that individual/ organisation and the Trust will 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.

The Trust keeps a Register of Interest that captures relevant business and pecuniary interests of Members, Trustees, local Governors of academies within the Trust and senior employees. This will include the Accounting Officer if appropriate. This document is reviewed on a regular basis and published on the Trust's website. The Charity Commission guidance [CC29 Conflicts of interest: a guide for charity trustees](#) is utilised to ensure that this is completed appropriately.

[Back to Contents](#)

8.1 At Cost/Full Cost – Definition for provision or receipt of goods and services

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)

Full cost **will not** include an element of profit.

Full cost for the provision of public services to other Government funded institutions will be determined as per annex 6.1 of [HM Treasury's Managing Public Money](#).

[Back to Contents](#)

8.2 De Minimis for “At Cost/Full Cost” transactions

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.

[Back to Contents](#)

8.3 Professional services

In relation to organisations supplying legal advice or audit services to the 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.

[Back to Contents](#)

8.4 Documentation

The Trust will ensure that any agreement with an individual or organisation connected to a Member or Trustee, as defined above, 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.

[Back to Contents](#)

8.5 Governor Allowances

The Trust does not have a Governor Allowances Policy and does not have a delegated budget to allow for governor expenses.

[Back to Contents](#)

9. Novel and/or contentious transactions

Novel payments or other transactions are those of which the 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 will always be referred to the EFA by the Board of Trustees for explicit prior authorisation.

[Back to Contents](#)

10. Delegated Authority – Special payments to staff

10.1 Staff severance payments

If the Trust is considering making a staff severance payment above the statutory or contractual entitlements, the Board of Trustees **will** consider the following issues:

- Whether the proposed payment is in the interests of the Trust;
- Whether the payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. This is relevant because if there is a significant prospect of losing the case, then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, a settlement will not be offered;
- If the settlement is considered to be justified, then the Board of Trustees would need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances.

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

The Trustees are aware that the following schedule of delegation applies to severance payments and will not operate outside this guidance:

Statutory/contractual payment	Non-statutory/non-contractual payment	EFA prior approval required?
£40,000	£49,999	No
£80,000	£49,999	No
£40,000	£50,000	Yes – for £50,000
£80,000	£50,001	Yes – for £50,001

[Back to Contents](#)

10.2 Compensation payments

The Trust will make appropriate compensation payments to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the Board of Trustees are considering making a compensation payment, it will base its

decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

The Trust is aware that, as for severance payments, they have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, ESFA's prior approval **must** be obtained.

Where a compensation payment has been necessitated by an event that reveals concerns about the effectiveness of internal control systems, the Board of Trustees will take any necessary steps to put failings right.

[Back to Contents](#)

10.3 Ex gratia payments

Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia transactions will always be referred to the ESFA by the Board of Trustees for prior authorisation.

[Back to Contents](#)

10.4 Gifts and Hospitality

Within the individual member schools' Staff Codes of Conduct, there are policies in place for the acceptance of Gifts and Hospitality. This includes a register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise the staffs personal judgement or integrity; and ensures that all members of staff are made aware of this.

When giving gifts, the Trust ensures that the value of the gift is reasonable, is within the limits stated in the Staff Code of Conduct, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

[Back to Contents](#)

11. Fixed Assets Accounting

Details of all Fixed Assets are recorded in the Fixed Asset Register.

Post Conversion, all fixed assets are reflected within the fixed assets register at the date that they are first brought into use.

The capitalisation threshold for the Trust, together with the useful economic lives of assets, and levels of depreciation are recorded on the Fixed Asset Register.

Disposal of fixed assets, apart from the ones mentioned in the next paragraph below, are governed by the Write off and Disposals Policy.

The Trust will seek and obtain written approval from the Secretary of State, via the ESFA, for the following:

- Acquiring a freehold on land or buildings;
- Disposing of a freehold on land or buildings; and
- Disposing of heritage assets beyond any limits set out in the Trust's Funding Agreement in respect of the disposal of assets generally;
- Novel or contentious property transactions.

[Back to Contents](#)

12. Accounting Adjustments

The Trust prepares accruals accounts, giving a true and fair view of the Trust's use of resources, in accordance with existing accounting standards. Prepayments and accruals over £1K are usually recorded on a monthly basis where the effect of not doing so would distort the management accounts in a material manner. All other accounting adjustments, including depreciation, are reflected at year end. All accounting adjustments are recorded in an excel spreadsheet (template available), other than depreciation which is recorded on the Fixed Asset Register.

[Back to Contents](#)

13. Fund Accounting

Equity is represented in the Trust accounts by the Retained Earnings b/f (Fund Balances) and the in-year Income and Expenditure account balance.

Equity that does not represent current assets or liabilities e.g. Fixed Asset (carrying value; non-realizable: <https://www.gov.uk/guidance/school-land-and-property-protection-transfer-and-disposal>).

<https://www.gov.uk/government/publications/academy-property-ransactions/property-information-notes> and Pension Liability (reserve) are clearly earmarked in separate restricted Funds.

This enables general funds i.e. working capital (current assets – current liabilities) to be easily identified using SIMS software and reporting; minimising the risk so that users of the reporting can misinterpret the information presented, believing that the Trust has more working capital available than is the case.

[Back to Contents](#)

13.1 Income recognition within Funds

A schedule of income recognition is held indicating how income received and associated expenditure is treated within the Trust accounts, where the source of the income is additional to or being treated differently from the treatment indicated below:

- **Unrestricted fund** – this contains resources which can be spent on any purpose at the discretion of the Trustees, within the objects of the Trust as set out in its governing documents. It will include the following incoming resources and related expenditure:
 - *fees for hiring out facilities such as rooms, swimming pool and sports pitches*
 - *fees from parents for private music tuition*
 - *fees from parents for private nursery provision*
 - *proceeds from other trading activities including those of consolidated subsidiaries*
 - *donations with no restrictions attached*
 - *fees for school trips & visits*

- **Restricted general fund** – this contains revenue (running costs) resources which can only be spent for particular purposes. It would include the following incoming resources and the related expenditure:
 - ESFA General Annual Grant (GAG), including:
 - School budget share
 - minimum funding guarantee
 - education services grant
 - *allocation protection*
 - *pre-16 high need funding*
 - other ESFA revenue grants such as pupil premium
 - other government revenue grants, including local authority funding for high needs pupils
 - donations with restrictions attached (i.e. received for specific revenue purposes).

- **Restricted fixed asset fund** – as indicated in [13](#) this must equate to the net book value (NBV) of the fixed assets on the Balance Sheet. Related expenditure i.e. depreciation will be charged to this fund ensuring that this remains the case. The fund does not represent working capital, but incoming resources, and subsequently their NBV.

Income that has been received for the purpose of purchasing resources that will enhance the value of the Fixed Assets e.g. ESFA and other government capital grants *can be/are* reflected in this fund, but for clarity regarding working capital, this income is held in an additional restricted fund pending related expenditure taking place and is then transferred to the Fixed Asset Fund at the point that the Assets are recognised on the Balance Sheet.

[Back to Contents](#)

14. Retention of Finance and Payroll Records

All records relating to the Financial Management of the Trust are retained in line with the Information and Records Management Society [“Records Management Toolkit for Schools”](#) and the Records Management Policy contained within this.

[Back to Contents](#)

15. Whistleblowing

The Trust has a policy in place for whistleblowing/fraud, and ensures via the Staff Handbook that all staff are aware to whom they can report their concerns, and the way in which such concerns will be managed.

[Back to Contents](#)

16. Risk Management

The Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. We have recognised and are managing present and future risks to ensure our effective and continued operation, which are recorded in a risk register.

The Trust’s procedures for the management of risk include contingency and business continuity planning.

Where reasonable recommendations are made by risk auditors, these will be addressed by the Trust.

[Back to Contents](#)

Appendix A

[Committee on Standards in Public Life](#)

The seven principles of public life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

[Back to Contents](#)

Appendix B

ACADEMY PERIOD END PROCEDURES

Period (Sept 16 - Aug 17)

BUSINESS DIRECTOR/HEADTEACHER TO SIGN DOCUMENTS MARKED WITH AN *

Tick when
completed

1	Complete salary profiles.	Use payroll reports to complete salary calculator profiles and raise any queries regarding identified variances to expected spend with Payroll. Ensure that cumulative nominal ledger expenditure reconciles to the salary calculator.	
2	Complete all transactions e.g. record invoices, pay cheques etc.		
3	Check outstanding orders, clear orders that have been received and paid for without reconciling to the system order, chase receipt/invoices for outstanding orders		
4	Petty Cash/Journals Posted?		
5	<p>For every Bank Account - Reconcile Bank Statement by Page No. *</p> <p>Record & Post valid direct debits, interest and payroll entries. (Dr payroll control account - Cr bank account with total salary payment for staff this month made by bacs/Dr payroll control account -Cr bank for payments made to HMRC/pensions relating to previous month). These should be posted in the period they are paid.</p> <p>VAT Reimbursement from HMRC: Cr VAT REIMB – Dr bank account.</p> <p>Post purchasing card statement*</p> <p>Ensure Bank Statement & financial software reconcile. Print Report for each Bank Statement page.*</p>	<p>Follow your software procedures for bank reconciliations.</p> <p>Select G/Ledger, manual journal processing, cash book journal.</p>	

	<p>Print unreconciled transaction listing, check for entries over 2 months old and investigate. *</p> <p>Print an STB and reconcile bank balance – ensure that the closing statement balance adjusted by the unreconciled transactions reconciles to the Bank Balance indicated on the STB.</p>		
6	Post salaries on system.	Select a normal journal. Dr salary expense codes for gross salaries, employers NI and employers SA - Cr Payroll control account. Where utilising a salary import ensure that any associated suspense account has been cleared.	
7	Post monthly accounting adjustments e.g. accruals and prepayments in line with your finance policy. Detail of any adjustments that will cross the financial year should be added to a schedule. If you are not posting these on a monthly basis then an option could be for a reversing journal to be posted into Pd1 of the next financial year. This would then reflect these year-end adjustments on a monthly basis.	Select reversing journal/s.	
8	Calculate and post your depreciation in line with your finance policy. If you are not posting on a monthly basis you should have calculated what the depreciation would be on a schedule/your fixed asset register. Reconcile the Fixed Asset Register to the Balance sheet.	Select a normal journal. (Dr depreciation expenditure code, Cr accumulated depreciation code on the balance sheet).	
9	Run Summary Trial Balance, by Ledger Code.	For all funds.	
10	Balance payroll control account- note all differences.	Attach balanced payroll sheet to payroll report* your balance should be the outstanding NI and SA which will be paid in the following month.	
11	<p>Reconcile Trade Debtors control account*</p> <p>If you are not using the sales ledger/debtors functionality then you should keep a schedule of current debtors indicating the dates that the invoice was raised and the number of</p>	Run an aged debtor report and ensure that it matches with the trade debtors balance on the Trial Balance. You will need to note explanations for any debtors more than 30 days old.	

	days between this date and the end of the period being closed.		
12	Reconcile Trade Creditor control account *	Run an aged creditor report and ensure that it matches with the trade creditors balance on the Trial Balance and Statements issued by Creditors. You will need to note explanations for any creditors more than 30 days old.	
13	VAT return * Adjust VAT return for lettings business related transactions eg lettings.	Run the VAT126 or VAT (depending on VAT registration) and print the report. Ensure that all VAT Income & Expenditure that has gone through (including journals) and is relevant to the period is reflected within your return. Calculate any adjustments for irrecoverable VAT e.g. business element (ensure that you apply a pre-determined and consistent approach to calculate the % for this adjustment – this should be recorded in your finance policy) Using the appropriate HMRC return record the necessary detail to reclaim the calculated recoverable VAT figure.	
14	VAT journal Our recommended practice is that you should use a VAT control account. (VAT reimbursement account) to record outstanding VAT reimbursements from the HMRC.	Using your adjusted VAT report transfer the VAT expenditure and income included in your VAT return from the relevant VAT codes to the VAT control account (e.g. CR VAT expenditure, DR VAT reimbursement). Then move the elements that are irrecoverable from the VAT codes to the area where the original expenditure incurred was charged.	
15	Final VAT reconciliation.	Any balances on the VAT reimbursement code should equal any outstanding claims owed by HMRC and any balances on the VAT codes should be 0. Unless you are not utilising a VAT control account in which case the balances	

		on the VAT codes should equate to the outstanding claims owed by HMRC.	
16	Present forms marked * above to the Headteacher for checking and signature.		
17	Run Period End Closure.		
18	Run a Financial Monitoring Report. If you are not performing monthly accounting adjustments then prepayments that will cross the financial year are likely to make your expenditure look higher than the budget profile. This should be clearly highlighted within the comments for the outturn for the areas affected.	Run your agreed monitoring report, and update your projected outturn to reflect any changes since the last period end. Check the validity of above report by matching to the income and expenditure balance on your Trial Balance.	
19	Produce a balance sheet.	Produce a balance sheet. The bottom of the balance sheet (Funds), are found using a fund balance report if they do not form part of the balance sheet within your software package.	
20	Produce a Cash Flow. This can be informed by the Budget Tool and Cash Flow tool if utilised.	Ensure that you will have sufficient cash to cover planned expenditure by comparing the forecast bank balance from the budget tool and the actual bank balance. Produce notes regarding variances if appropriate.	

Work carried out by:

Signature:

Date:

Work approved by:

Signature:

Date:

Appendix C – Financial Scheme of Delegation

FINANCIAL SCHEME OF DELEGATION FOR THE GREENSAND MULTI-ACADEMY TRUST

Area of Responsibility	Level of Responsibility				
	Trust Board	LGB	Executive Principal	Business Director	Other
Financial Management					
Ensure the Trust's continuing compliance with Academies Financial Handbook			✓		
To review the Trust's Financial Procedures Manual and all corresponding financial policies for approval by the Trust Board biennially		✓			
Approval of the Trust's Financial Procedures Manual	✓				
Ensure that all relevant financial updates are brought to the attention of the Finance Committee / Trust Board				✓	
To consider all relevant financial updates and advise the Trust Board of any issues affecting the Trust's financial administration				✓	
Three year financial planning					

Prepare a three-year consolidated budget for the Trust				✓	
Submit 3 year budget plan for individual schools		✓			
Approve the three year consolidated budget and review this document in the light of any significant factors that come to the attention of the Trust Board	✓				
Annual financial planning					
Undertake benchmarking exercises on an annual basis for review by the Finance Committee				✓	
Consider the benchmarking work undertaken by the Trust and propose changes, as required, to ensure that the Trust budget achieves value for money.	✓				
Prepare the draft academy budgets based on the agreed objectives of the Trust as set out in the strategic plan, the academy improvement plans and Trust three year plan	✓			✓	
Approve the Trust and academy budgets	✓				
Prepare a timetable with key dates for annual budget management				✓	
Ensure that meetings are timetabled taking into consideration financial deadlines.				✓	

Financial reporting					
Prepare monthly management accounts for the Trust and academies showing expenditure against budget				✓	
Review the monthly management accounts		✓			
Prepare & analyse consolidated quarterly management accounts				✓	MAT Finance Manager
Approve quarterly management accounts	✓				
Budget Monitoring and Control					
Approve virements between budget headings	>£30,000	£10,000 - £30,000	< £30,000	< £10,000	
Advise all budget movements (e.g. virements, allocation of additional funding, etc) undertaken where not otherwise approved in advance by the LGB or Trust Board				✓	
Review all budget movements undertaken (including virements), ensuring that the reasoning for the movements is sound		✓			
Monitor and control expenditure against the budget during the financial year		✓			
The control and monitoring of delegated budgets		✓			SBMs

Ensure that any trading activities are separately monitored and reported to the Trust Board				✓	
Financial Reporting to the Education Funding Agency					
The preparation of the year-end accounts and other returns required by the EFA and Companies House				✓	Finance Manager
Approve the audited year-end accounts and any financial returns required by the EFA	✓				
Audit Reports					
Produce a formal response to the Audit report and an action plan showing how the recommendations will be implemented				✓	
Consider the recommendations set out in the Audit report and the action plan proposed by the Business Director (Finance Director) for implementing these	✓				
Ensure that the recommendations agreed by the Trust have been implemented		✓	✓	✓	
Retention and Disposal of Accounting Records					
Ensure maintenance of complete financial accounts and full supporting records for all accounts				✓	
The retention, secure storage and disposal of accounting records in accordance with both legal and EFA requirements				✓	

The maintenance of full financial records for all accounts				✓	
Financial Systems					
Undertake an annual review of the controls within the Trust's financial systems				✓	
Banking Arrangements					
The authorization of cheques (1 signatory to £500) or BACS payments (two signatories always required) <i>NB the cheque/BACS signatory must have no connection to the cheque/BACS payee.</i>			✓	✓	Headteachers & SBMs
Authorisation of Payment Card holders and individual spending limits			✓	✓	
The control and reconciliation of the academy bank accounts for consideration by the Business Director (Finance Director)				✓	Business Managers
Approve the bank reconciliation on a monthly basis				✓	
Approve Payroll and BACs payment limits			✓		
Petty Cash					
Agree an appropriate amount of petty cash to be held and the periodic check of completeness of financial records				✓	

The maintenance of accounting records, the security and regular reconciliation of petty cash				✓	Business Managers
Personnel and Payroll					
Review the staff structure of the Trust and academies annually	✓				
Approval of performance related pay policy	✓				
The filing and storage of personnel and pay records (including person specifications and interview notes for a least 12 months)				✓	SBMs
Authorise pay increases of Central MAT Team; Executive Principal, Business Director, Finance Manager and Clerk	✓				Trustee Pay Board
Authorise pay increases in accordance with the performance related pay policy			✓		
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc).				✓	SBMs & Headteachers
Implement the Trust pay policy and appointment procedures for all staff employed by the Trust			✓		
Purchasing – provision of goods and services					
Approve procurement policy	✓				

Monitor purchasing regulations to ensure compliance by the Trust				✓	
Maintain a contracts register for the Trust				✓	SBMs
Act as Contract Manager and monitor contracts on an on-going basis				✓	SBMs
Review contracts on an on-going basis (and as part of ensuring the Trust continues to achieve 'best value')			✓	✓	
Ensure that one quote is received for orders up to £5K Two written quotes £5,001 - £9,999 Three written quotes over £10K			✓		SBMs
Ensure that a minimum of 3 tenders are obtained for purchases and contracts over £100,000			✓		
Ensure that EU regulations are applied for all contracts over the EU threshold	✓				
Consider limits for the Trust regarding Depreciation of Assets Asset value over £2K for Infant & Primary and £5K for Secondary	✓				

Leasing					
Approval of operating Lease or Loan agreements up to £30K			✓		
Approval of operating Leases and permitted loans over £30K	✓				
Approval of Financial Leases – Only through EFA					
The maintenance of a register of all operating leases held by the Trust (other types of leases or borrowing is prohibited)				✓	
Orders for Goods and Services and Payment of Accounts					
The maintenance of an authorised signatory list for orders (subject to the limitations agreed)				✓	
The authority for the signing of official orders for the purchase of goods and services up to £1000 (one signatory required)				✓	Headteachers & SBMs
The authority for the signing of official orders for the purchase of goods and services between £1,000 and £5,000 (two signatories required)				✓	Headteachers
The authority for the signing of official orders for the purchase of goods and services between £5,001 and £25,000 (two signatories required)			✓	✓	Headteachers
The authority for the approval of official budgeted orders for the purchase of goods and services between £25,001 and £50,000		✓	✓		
Approve capital projects above £30,000	✓	✓	✓		

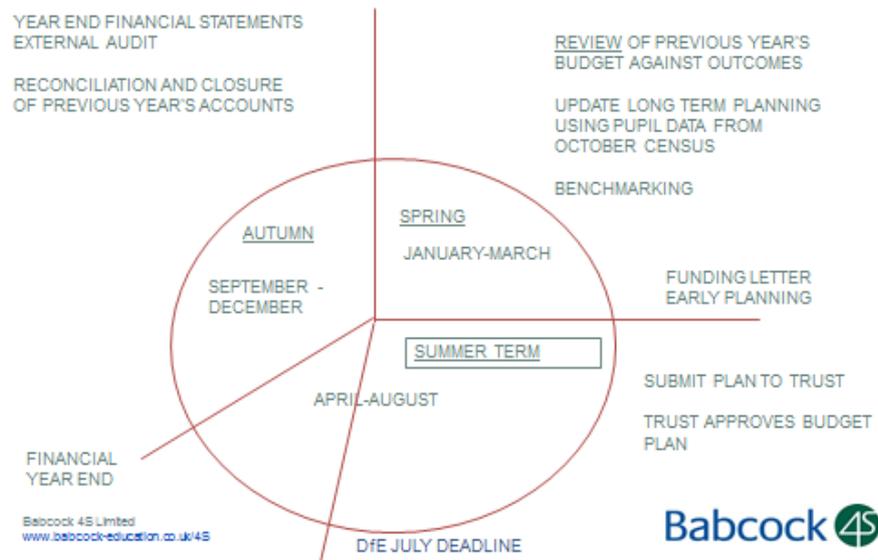
VAT					
To monitor the regulations on VAT, ensuring compliance by the Trust				✓	
To complete and submit the reimbursement claim for VAT					MAT Finance Manager
The signing of the VAT reimbursement claims				✓	
Income					
Approve the charging policy	✓				
Draw up proposed charges for the various areas of Trust income, including lettings on an annual basis				✓	
Approve the annual review of charges for the various areas of Trust income	✓				
Set suitable controls for the recording and collection of monies due				✓	
The control and collection of all income				✓	SBMs
The preparation of receipts for banking				✓	SBMs
The physical banking of monies				✓	SBMs

Income					
Approve procedures for chasing outstanding income due to the Trust (debt recovery policy)	✓				
Write off bad debts	>£1,000	< £1,000			
Ensure the security of monies held on site				✓	
Security of Assets, Stocks and Other Property					
Produce and implement a policy for security arrangements at the Trust (including procedures for call-out and key replacements)				✓	
Approve and periodically review the policy for security arrangements at the Trust	✓				
To determine a value above which assets should be recorded on the Trust's inventory				✓	
Ensure the physical security of the Trust's assets, and develop a consistent approach to asset management				✓	
Regular checks of school inventories				✓	
Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land buildings	✓				

Authorise items for disposal above a value of £5,000				✓	
Maintain a register of key holders			✓		
Insurance					
Initiate adequate insurance cover for the Trust, and maintain a register of policies taken out				✓	
Undertake an assessment of risk management for insurance purposes at the Trust		✓		✓	

Appendix D

The Annual Budget Cycle



ANNUAL BUDGET CYCLE & MEETINGS 2018/2019

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES 2018/2019
Autumn 2018	Audit fieldwork	SBMs	(An action, no approval required)	Oct/Nov 2018	Meeting with SBMs & auditors to take place between 22.10.18 & 02.11.18
Autumn 2018	Complete land & building collection tool (LBCT)	SBMs/BD	BD	Deadline 05.11.18	
Autumn 2018	Post year end audit meeting (previous financial year – will be 2017/2018)	Auditors/BD/FAR	(An action, no approval required)	14 th /15 th November 2018	FAR meeting – 14.11.18, Auditors' initial feedback from audit, Trust's opportunity to raise queries
Autumn 2018	Benchmarking exercise	SBMs/BD	LGBs	Nov/Dec 2018	
Autumn 2018	Apply to ESFA for Condition Improve Fund (CIF)	SBMs/BD	TB	November 2018 (for submission in December 2018)	TB meeting – 10.12.18
Autumn 2018	Review long term financial planning at strategic level (3 year forecasts)	SBMs/SLT/HT/BD/EP	LGBs/FAR/TB	Nov/Dec 2018	TB meeting – 10.12.18

ANNUAL BUDGET CYCLE & MEETINGS 2018/2019

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES 2018/2019
Autumn 2018	Accountants Year End: queries answered & adjustments entered on to Finance software & reconciliation between software & Financial Stats	SBMs/MFM/BD	LGB/FAR	Nov/Dec 2018	FAR meeting – 14.11.18, initial feedback from auditors FAR meeting – 26.11.18, allowing enough time for Wise & Co. to deal with any changes/queries from the FAR Committee
Autumn 2018	Submission of MAT's accounts, audited financial statements & auditor's management letter (for the year to 31 st August)	BD/EP	LGB/TB/MB	31 st December 2018 deadline	TB meeting – 10.12.18 for sign off of the accounts
Spring 2019	Submit MAT accounts return	Auditors/BD	(An action, no approval required)	22 nd January 2019	TB meeting – 10.12.18
Spring 2019	Publish MAT's audited financial statements (for previous academic year to 31 st August) on MAT website	TCS	(An action, no approval required)	31 st January 2019 deadline	N/A
Spring 2019	Review salary & pension data	HT/SLT/SBMs/BD	BD/EP	February 2019	

ANNUAL BUDGET CYCLE & MEETINGS 2018/2019

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES 2018/2019
Spring 2019	Staffing Structure Review – to enable potential issues to be addressed for September 2019	SLT/HT/BD/EP	LGBs/TB	March 2019	TB meeting – 11.03.19 (Individual schools need to look at this prior to the budgeting process)
Spring 2019	Receive LA & ESFA Funding allocations & verify that data producing them is accurate	SBMs/BD	SLT/HT/EP	March 2019	
Spring 2019	Forecast income for Activities for Generating Funds	SBMs/MFM/BD	SLT/HT/EP	March 2019	
Spring / Summer 2019	Draft Budgets produced (for final Budget submission to the Trust Board in July 2019)	HT/SLT/SBMs/BD	LGB/TB	April – May 2019	FAR meeting – 13.05.19 (review draft Budgets)
Summer 2019	Submit MAT's 2018/2019 budget forecast return: outturn (BFRO)	SBMs/BD	LGB/TB	17 th May 2019 deadline	FAR meeting – 13.05.19
Summer 2019	Submit MAT's audited financial statements (for previous financial year to 31 st August 2018) to Companies House Members must also have received the annual accounts (for previous financial year to 31 st August 2018)	Auditors/BD	(An action, no approval required)	31 st May 2019 deadline	N/A

ANNUAL BUDGET CYCLE & MEETINGS 2018/2019

TERM	REQUIREMENT	RESPONSIBILITY	APPROVAL LEVEL (at Schools &/or MAT)	TIMEFRAME	MEETING DATES 2018/2019
Summer 2019	Pre-audit team meeting (for 2018/2019)	MFM/BD/EP & a Trustee from FAR		Late June 2019	Wise & Co. request for a pre-audit team meeting in late June / early July 2019
Summer 2019	Final Budgets re-submitted if necessary Approval of Budget	SBMs/BD	LGBs/FAR/TB	June 2019	FAR meeting – 01.07.19 (approve Budget) TB meeting – 08.07.19 – last meeting of this academic year (approve Budget)
Summer 2019	Submit MAT's budget forecast return (BFR) for next financial year (2019/2020)	SBMs/BD	(An action, no approval required)	26 th July 2019 deadline	

Key:

BD - Business Director

LGBs – Local Governing Board(s)

SBMs – School Business Manager(s)

EP – Executive Principal

MB – Members' Board

SLTs - Senior Leadership Team(s)

FAR – Finance, Audit & Risk Committee

MFM – MAT Finance Manager

TB -Trust Board

HT – Headteacher(s)

PC - Pay Committee

TCS – Trust Company Sec.

Appendix E

- Contingency/Business Continuity Plan – *existing plan produced for LA provides a starting point*
- Internal Control Framework – internal procedures – *existing operational procedures may need to be amended to reflect new software/alterations to staffing structure/roles and responsibilities. Charities Commission [Internal Financial Controls for Academies CC8](#) and associated checklist provide assistance reviewing this area.*
- Programme of internal scrutiny works – *most recent SFVS provides a starting point, review in conjunction with the reviewed internal control framework/procedures*
- Lettings Policy - schedule of chargeable rates – *existing policy provides a starting point*
- Risk Register – *existing register provides a starting point/ template and training available from Babcock 4S if required*

EFA Academies Library provides pro forma for the following:

- Gifts and Hospitality – register of gifts received
- Governor Allowances Policy
- Investment Policy
- Procurement and Tendering Policy
- Whistleblowing Policy Anti-Fraud
- Write off and Disposals policy
- Charging and Remission
- [Reserves Policy](#)
- The Key – Provides examples and templates of all policies

Babcock 4S website pro forma:

- Cash Flow Tool
- Contracts and Period End Adjustments
- Income Recognition Schedule