



Financial Procedures Manual

May 2020

Contents

Introduction	6
The seven principles of public life	6
WMAT Roles	6
Definitions	7
Proper and regular use of public funds	9
Management of risk	10
Insurance	10
Responsibilities	11
Introduction	11
Board of Trustees	11
Frequency of Trustee Board Meetings	14
Finance Committee	14
Audit Committee	14
Accounting Officer	14
Specific financial tasks delegated to the Head Teacher/Principal	15
Annual ESFA letter to Accounting Officers	16
Chief Financial Officer/Head of Finance / COO	16
School Business Managers	17
Members of the finance team	17
Conflicts of interest	18
Transactions with connected parties	19
At cost requirements	19
Connected parties and not-for-profit principles	Error! Bookmark not defined.
Transactions with connected parties that are novel and/or contentious	20
Register of Business Interests Policy	21
Receipt of gifts, hospitality, entertainment and other services	22
Expenditure on gifts, hospitality, entertainment and favours	22
Private use	22
Internal scrutiny	23
Whistle blowing	23

Fraud reporting	23
Taxation.....	23
Annual accounting	23
Audit	24
Internal controls	Error! Bookmark not defined.
Scheme of delegation	25
Academy development plan and budgeting.....	26
Budgeting.....	26
Reporting financial results.....	27
Budget monitoring reports – Local Governance.....	27
Budget monitoring reports – Senior Leaders.....	27
Cash flow	28
Computerised accounting system	29
Transaction processing	29
Reconciliations	29
Authorised signatories list.....	30
Payroll	30
Monthly procedures	31
Additional payments	32
Failure of the payroll system.....	32
Payment of expenses	32
Purchasing.....	32
Approved suppliers	32
Tendering.....	33
Quotations	35
Purchase orders	35
The ordering process for each academy:.....	35
Receipt of goods.....	36
Purchase invoices	36
Authorisation Limits:-	36
Payment of invoices	36

Cheque payment	37
Credit notes	37
Completeness of supplier balances	37
Segregation of duties.....	37
Retention of records	37
Controls over expenditure	38
Re-forecasting	38
Budget holders	38
Petty cash	38
Income.....	39
Introduction	39
Cash banking.....	39
Postal receipts	40
Fund-raising events	41
The gift aid scheme	41
Letting of academy facilities	41
Academy trips	41
Donations and gifts	42
Online payment system	42
Bank and cash	42
Bank facilities.....	42
Bank reconciliations.....	43
Charge and credit cards	43
Cash advances	43
General security	43
Capital projects	44
Fixed assets.....	44
Asset register.....	44
Disposal of assets	45
Losses	45
Leasing.....	45
Investments	46
Freedoms and delegations and transactions requiring ESFA consent	46

Novel and contentious transactions	46
Borrowing.....	46
Write-offs and entering into liabilities	47
Special payments	48

Introduction

The purpose of this manual is to ensure that Weydon Multi Academy Trust (WMAT) maintains and develops systems of financial control which comply with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Education Secretary.

The Trust must comply with the principles of financial control outlined in the guidance published by the Education and Skills Funding Agency (ESFA) in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures. The manual should be read by all staff involved with financial systems.

The seven principles of public life

The academy is committed to the 'seven principles of public life' and the EFA has emphasised that accounting officers must adhere to these. These are:

- Selflessness. Holders of public office should act solely in terms of the public interest.
- 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.
- Objectivity. Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- 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.
- 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.
- Honesty. Holders of public office should be truthful.
- 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.

WMAT Roles

Chairman of Trustees – Peter Brinsden

Vice Chairman of Trustees – Mark Rosling

WMAT Finance Committee: -

Ralph Johnson (Chair)

Rob Williams

Chris Hyland

Charlotte Hurst

WMAT Audit and Compliance Committee: -

Chris Hyland (Chair)

Charlotte Hurst

Nick Pow

WMAT Discipline and Complaints Committee: -

Mark Rosling (Chair)

Others as required (possibly from LGB's)

Pay Committee is made up of the Chairs of Committees

Performance Review Committee: -

HT performance review - LGB Chair, CEO, External

CEO performance review - Executive Leadership Appraisal Committee +

External

Accounting Officer & CEO

John Winter

Chief Financial Officer & Finance Director

Rachel Nicholls (resigned February 2020)

Chief Operations Officer

Louise Buckley

Head of Finance (wef June 2020)

Kirsty Kemp

Definitions

The meaning of 'Member'

The members of an academy trust have a different status from the trustees. The members are the subscribers to the trust's memorandum of association, and any other individuals permitted to become members under its articles of association.

Members:

- May amend the articles subject to any restrictions created by the funding agreement or charity law.

- May, in certain circumstances, appoint new members or remove existing members.
- Have powers to appoint and remove trustees in certain circumstances.
- May, by special resolution, issue direction to the trustees to take a specific action.
- Receive the audited annual accounts (subject to the Companies Act).
- Have the power to change the company's name and, ultimately, wind it up.

The academy trust must have at least three members, although the DFE's strong preference is that trusts should have at least five members.

Employees of the trust must not be members unless permitted by their articles of association. The current model articles do not allow members to be employees.

The DFE's strong preference is for a majority of members to be independent of the board of trustees.

As responsibility to conduct the trust's business sits with the trustees, members should be 'eyes on and hands off' and avoid compromising the board of trustees' discretion.

The meaning of 'Trustee'

The trustees are the same body of people as both the directors of the company and the 'governors' of a single academy trust. These words are used interchangeably.

They are the people responsible under the academy trust's articles of association for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the trust's charitable outcomes for the benefit of the public.

The trustees should focus on three core functions:

- Ensuring clarity of vision, ethos and strategic direction.
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff.
- Overseeing and ensuring effective financial performance.

The trustees must apply the highest standards of conduct and ensure robust governance. The ESFA considers these critical for effective financial management. They should also follow the governance handbook which describes the following features of effective governance which the ESFA believes will aid compliance with the academies financial handbook:

- Strategic leadership that sets and champions vision, ethos and strategy.
- Accountability that drives up educational standards and financial performance.
- People with the right skills, experience, qualities and capacity.

- Structures that reinforce clearly defined roles and responsibilities.
- Compliance with statutory and contractual requirements.
- Evaluation of governance to monitor and improve its quality and impact.

Directions by the Education Secretary

Subject to the provisions in the academy trust's funding agreement, the Education Secretary can require the academy trust to remove a member or trustee. The Education Secretary can also make directions under section 128 of the Education and Skills Act 2008 prohibiting individuals from taking part in academy trust management. This could prevent an individual from acting as a member, trustee or executive leader of the trust.

The ESFA may also refer academy trusts to the Charity Commission if they are concerned about non-compliance with legal or regulatory requirements or misconduct or mismanagement in the administration of the academy trust.

The ESFA may refer academy trustees, as directors, to the insolvency service that may consider whether the conduct of a director is such that they are unfit to be involved in the management of a company and whether it would be in the public interest for a disqualification order to be sought.

Clerk to the board

The academy trust has appointed a clerk to support the board of trustees who is someone other than a trustee, the principal or the chief executive officer of the trust.

The meaning of 'Local Governing Body'

Each Trust school will have its own Local Governing Body with membership as per the Terms of Reference / Schemes of Delegation prepared by the Board of Trustees. They will have duties delegated to them by the Board of Trustees to manage the school with a clear reporting structure in place to trust level.

Proper and regular use of public funds

The Trust must ensure that:

- Spending of funds has been for the purpose for which the funds were given.
- No trustee, governor, employee or connected party has benefited personally from the use of academy funds.
- All trustees have completed the register of business interests and there are measures in place to manage any conflicts of interest.
- There are no payments to any trustee unless such payment is permitted by the articles of association and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- The senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.

- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

Management of risk

The Trust has in place a policy for the management of risk (Refer to the Risk Management Policy) which includes the requirement for the regular maintenance and review of a comprehensive risk register. The risk register contains details of designated individuals who oversee particular areas of risk. It is presented to the Audit committee for discussion on an annual basis or more frequently if the academy's activities change.

Each academy's risk management policy includes the requirement for a business continuity plan and contingency arrangements which would come into effect in the event of a disaster in order to ensure day-to-day operations are maintained.

Risk management arrangements are monitored by the Local Governing Bodies Finance Committee's and reported to the Local Governing Body and reported to the Trust at least annually, and more frequently if the academy's activities change.

The Trust's anti-fraud policy is reviewed on an annual basis and is in place to minimise the risk of fraud or theft within the Trust. In the event of a report of potential fraud, the provisions of the anti-fraud policy are invoked.

Insurance

Funds for insurance are delegated to each academy and it must demonstrate it can cover insurable interests under a policy arranged by each Local Governing Body.

Each Finance Committee reviews insurance arrangements annually. During this process, the Finance Committee considers the relative advantages and disadvantages of the DFE's risk protection arrangements and commercial insurance cover. They ensure that the sums insured are commensurate with risks and include cover for academy property when off the premises.

The Trust Finance Committee will review each LGB's Finance Committee arrangements. The main types of insurance cover which are in place are:

- Premises and contents. These are insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks.
- Business interruption.
- Trust board and employer liability.
- Any statutory motor transport insurance.
- Loss of assets through fraud or dishonesty on the part of employees.

- Personal accident.
- Fidelity insurance.
- School trips.

Details of all insurance policies held by each academy are kept in the office of the Head of Finance / COO/School Business Manager.

Each academy does not give any indemnity to a third party without the written consent of their insurers.

Claims under an insurance policy are authorised by the Chief Financial Officer/School Business Manager before submission to the insurance company.

Any member of staff using their car for academy purposes amends their personal insurance for this use or is listed on the 'Occasional use' MAT policy. The trust maintains a register of official users. This is signed by the users to acknowledge that the insurance cover provision has been made.

Responsibilities

Introduction

The Scheme of Delegation, approved by the Board of Trustees, will clearly show which functions and responsibilities will be delegated, and to whom, and which will remain the responsibility of the Trustees. It is noted that although the Trustees can delegate functions, they cannot delegate responsibility.

Board of Trustees

The Board of Trustees oversees each academy's finances to ensure that the funds are used only in accordance with:

- The law
- Their powers under the funding agreement and the articles of association which set out the powers of the academy and its governance arrangements
- The Academies Financial Handbook

The Board of Trustees is responsible for the proper stewardship of the Trust's funds and for ensuring economy, efficiency and effectiveness of its use. It must also ensure that it uses its discretion reasonably and takes into account relevant guidance on accountability and propriety.

The members of the trust board are charity trustees and company directors.

As Charity Trustees they are required to:

- Ensure compliance with legal obligations, the terms of the funding agreement and the academies financial handbook.
- Safeguard the trust's resources and assets, and ensure they are effectively managed.

- Report on the trust's activities.
- Fulfil the charitable object of the charity as set out in the articles of association.
- Comply with the rules of the charity as set out in the articles of association.
- Ensure regularity, propriety and value for money.
- Act with integrity and avoid any personal conflicts of interest.
- Not to misuse charity funds or assets.
- Act prudently in the financial management of the charity, avoiding putting the assets, funds or reputation of the charity at risk.
- Exercise reasonable care and skill, using personal knowledge and experience to ensure the charity is well run and efficient.
- Act responsibly, obtaining advice from others, including professional advisers, where appropriate.
- Ensure regularity and propriety in the use of the trust's funds and achieve economy, efficiency and effectiveness – the three key elements of value for money.

As company directors, they are required to:

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

The specific tasks of the trust board are to:

- Appoint a principal for the trust who will also hold the position of accounting officer.
- Appoint the trust's chief financial officer.
- Appoint an independent clerk to the trust board who is someone other than a trustee, principal or chief executive of the trust.
- Meet at least six times a year to discharge its responsibilities as defined in the academies financial handbook and according to the trust's financial procedures manual.

- Approve the trust's development plan and minute their approval.
- Approve the trust's budget and minute their approval.
- Submit the budget to the ESFA in the form they require by the specified date.
- Notify the ESFA of significant changes to the budget.
- Comply with the ESFA's requirement to obtain its permission before entering into certain transactions.
- Manage the trust's tax affairs in accordance with legislation and avoid any penalties.
- Ensure the financial health of the trust and have in place:
 - Sound internal control procedures.
 - Risk management procedures.
 - Adequate insurance cover.
 - A business continuity plan.
 - Arrangements for reviewing and approving the trust's establishment number, determining conditions of employment and levels of payment and progression for employees.
- Approve the trust's written scheme of delegation.
- Approve the trust's accounting policies.
- Maintain proper accounts.
- Prepare annual financial statements.
- Appoint a registered auditor, avoiding conflicts of interest.
- Ensure compliance with the academies financial handbook, the funding agreement, the trust's articles of association and other relevant legislation.
- Declare any pecuniary interests.
- Refuse benefits from third parties.
- Publish a governance statement within its annual financial statements.
- Carry out an annual review of the governance structure, including the range of skills available to the trust board.

Frequency of Trustee Board Meetings

The Board of Trustees will meet at least six times per year and business will only be conducted when quorate. The Trustees identifies the actions that it needs to accomplish during the year and the timing of these actions, and this will govern the frequency of meetings. The Board and its committees will meet regularly enough to discharge their responsibilities under the articles of association, funding agreement and financial handbook to ensure robust governance and effective financial management arrangements.

Finance Committee

The Board of Trustees have established a Finance Committee which meets at least once per term. The committee is responsible for monitoring and making recommendations to the Board of Trustees on matters related to the budget and finance, and the deployment of resources in accordance with the trust's development plan. The Board of Trustees:

- Has defined the committee's terms of reference
- Has prescribed the extend of its delegated authority and reporting requirements
- Has ensured it receives minutes of the committee's meetings
- Will review the committee's remit and membership annually

Audit Committee

The Trust has a dedicated Audit Committee as this is seen as good practice.

The Audit Committee is responsible for providing assurance to the Trust board that risks are being adequately identified and managed by:

- Reviewing the risks to internal financial control at each academy.
- Agreeing a programme of work to address, and provide assurance on, those risks.

Members do not include staff employed within the WMAT academy trust. However, they may attend for the purposes of reporting and discussion. The Accounting Officer is routinely in attendance.

Accounting Officer

The Trust's designated accounting officer is the principal who has personal responsibility to the Trust board, parliament and the accounting officer of the EFA for the resources under their control. The essence of the role is:

- Assuring the governing board of compliance with the requirements of the academies financial handbook and the funding agreement.
- Personal responsibility for the regularity, propriety and value for money in the use of the WMAT's trust funds.
- Ensuring the maintenance and preparation of proper accounts.
- Ensuring that the academy's property is under the control of the trustees and that fixed asset registers are maintained.
- Prudent and economical administration.

- The avoidance of waste and extravagance.
- The efficient and effective use of all of the resources in their charge.
- Ensuring that procedures for the effective segregation of duties are in place.
- The day-to-day organisation, staffing and management of the Trust.
- Ensuring draft budgets are compiled for the trust board and appropriate committees.
- Ensuring the efficient and effective deployment of the trust's resources.
- Ensuring that financial reports are produced for the trust board, ESFA and Companies House as required.

This role does not remove the responsibilities of the Trustees/Local Governing Body as defined within the ESFA academies financial handbook and in the academy's ESFA financial procedures manual.

The Accounting Officer must advise the Board of Trustees in writing if, at any time, in his or her opinion:

- Any action or policy under consideration by the Trust Board is incompatible with the terms of the ESFA academies financial handbook, the articles of association or the funding agreement.
- The board appears to be failing to act where required to do so by the terms and conditions of the ESFA academies financial handbook, the articles of association or the funding agreement.

If the board proceeds, contrary to the advice of the accounting officer, and the accounting officer believes that they are in breach of the academies financial handbook, the articles of association or the funding agreement, the accounting officer must advise the ESFA's Accounting Officer of the position in writing.

Specific financial tasks delegated to the Head Teacher/Principal

The specific financial tasks delegated to the Headteacher/Principal are covered in the trust's Scheme of Delegation.

The principal has delegated responsibility for:

- Leading and managing the academy's development plan which is underpinned by sound resource planning, identifying priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teachers' effectiveness and securing improvement of the academy's performance.
- Ensuring that all relevant ESFA financial requirements are implemented.
- Establishing and maintaining sound internal financial controls which are managed on a daily basis by the Headteacher/Principal and Head of Finance / COO/School Business Managers or Operations Managers.
- Ensuring the effective implementation of financial systems and procedures described in the financial procedures manual approved by the Trust.

- Ensuring that the academy's property is under the control of the trustees, and measures are in place to prevent losses or misuse, including the maintenance of fixed asset registers.
- Ensuring that bank accounts, financial systems and financial records are operated by more than one person in principle. Where this is not possible due to capacity, the Trust Director of Finance will put in place extra controls.
- Keeping full and accurate accounting records.
- Preparing accruals accounts, giving a true and fair view of the academy's use of resources, in accordance with existing accounting standards.
- Ensuring that the funds delegated to the academy are in accordance with their legal entitlement.
- Ensuring draft budgets are compiled for the governing board and appropriate committees.
- Ensuring the efficient and effective deployment of the academy's resources.
- Ensuring that financial reports are produced for the WMAT.

Annual ESFA letter to Accounting Officers

The ESFA's Accounting Officer sends a letter annually to all academy trust accounting officers, setting out their key responsibilities and highlighting any changes from previous years. The Headteacher/Principal shares this letter with the trustees, Chief Financial Officer and other members of the senior leadership team.

/Head of Finance / COO

The Head of Finance / COO is responsible for the following financial duties:

- Ensuring that sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring budgets, and ensuring the delivery of annual accounts.
- Ensuring that each academy and WMAT receives all of the income to which it is entitled.
- The maintenance of effective systems of internal control, accounting processes and records, as authorised by the Trust Board in this financial procedures manual.
- The day-to-day management of financial issues.
- Reporting the Trust's financial results to the CEO and Trustees.
- Providing financial advice to the CEO, the Trust Board and each academy's Headteacher/Principal and SBM/Head of Finance / COO.
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the academy.
- Ensuring the accuracy and integrity of the trust's payroll.

- Making purchases in accordance with each the trust's procurement policy.
- Managing specific projects, e.g. capital projects.
- Obtaining legal advice when appropriate.
- Ensuring regular and effective communication with the internal and external auditors.
- Being lead officer for the Trust Finance Committee.

School Business Managers / Operations Managers

The School Business Managers are responsible for the following financial duties:

- Ensuring that sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring budgets, and supporting the delivery of annual accounts.
- Ensuring the academy receives all of the income to which it is entitled.
- The maintenance of effective systems of internal control, accounting processes and records, as authorised by the Trust Board in this financial procedures manual.
- The day-to-day management of financial issues.
- Reporting the school's financial results to the Headteacher/Principal and Local Governing Body.
- Providing financial advice to the Headteacher/Principal and Local Governing Body.
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the academy.
- Making purchases in accordance with each academy's procurement policy.
- Managing specific projects, e.g. capital projects.
- Obtaining legal advice when appropriate.
- Ensuring regular and effective communication with the internal (Responsible Officer) and external auditors.
- Being lead officer for the Finance Committee.

Members of the finance team

Rebecca Frewer – Management Accountant

Charlotte Welton – Management Accountant

Cindy Coleman – Management Accountant

Debbie McLeod – Trips and Payroll Manager

Sascha Ellman-Brown – Projects and Lettings Officer

Tanya Neilen – Finance Assistant

Michelle Smith – Purchase Ledger

Sarah Egginton – Purchase Ledger

Transactions with related parties

- The Board of Trustees ensures that the requirements for managing connected party transactions are known to all relevant individuals and are applied in practice.
- The Chair of the Board of Trustees and the accounting officer ensure that their capacity to control and influence does not conflict with these requirements. They manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the ‘seven principles of public life’.
- The Trust and each academy recognises that some relationships with connected parties may attract greater public scrutiny, such as:
 - Transactions with individuals in a position of control and influence, including the Chair of the board of Trustees and Accounting Officer.
 - Payments to commercial organisations which have a profit motive, as opposed to those in the voluntary sector.
 - Relationships with external auditors that go beyond their duty to deliver a statutory audit.
- The trust maintains sufficient records, and makes sufficient disclosures in their annual accounts, to evidence that transactions with these parties, and all other connected parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.
- The trust and each academy’s register of interests captures relevant business and pecuniary interests of members, trustees, governors and senior employees, including:
 - Directorships, partnerships and employments with businesses that provide goods or services to the trust.
 - Trusteeships and governorships, including at other educational institutions and charities, irrespective of whether there is a trading relationship with the academy.
 - For each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began.
- The trust identifies any relevant material interests from close family relationships between the trust’s members, trustees, senior employees and members of the local governing bodies. It also identifies relevant material interests arising from close family relationships between those individuals and employees.

- Interests are not limited to the items above and the academy considers whether other interests should be registered. If in doubt the presumption is towards including an interest in the register.
- The board of trustees keeps their register of interests up-to-date through regular review and trustees are required to declare any change in their interests at each board and committee meeting.

The trust and each academy publishes on its website relevant business and pecuniary interests of trustees, members and Local Governing body. The trust has discretion over the publication of interests of other individuals named in the register. **Transactions with related parties**

The academy is even-handed in its relationships with connected parties by ensuring that:

- Trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interests in proposed transactions or arrangements.
- All members, trustees and senior employees have completed the register of interests retained by the academy, in accordance with the academies financial handbook. There are measures in place to manage any conflicts of interest.
- No member, trustee, governor, employee or related individual or organisation uses their connection to the academy for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the academy.
- There are no payments to any trustee or governor by the academy unless such payments are permitted by the articles of association, or by express authority from the Charity Commission (which will be given only in exceptional circumstances) and comply with the terms of any relevant agreement entered into with the Education Secretary. In particular, the academy needs to consider these obligations where payments are made to other business entities that employ the trustee/governor, are owned by the trustee, or in which the trustee holds a controlling interest.
- The Charity Commission's prior approval is obtained where the academy believes a significant advantage exists in paying a trustee for acting as a trustee.
- Any payment provided to connected parties satisfies the 'at cost' requirements in the academies financial handbook which lists those persons considered to be connected parties.

At cost requirements

The trust pays no more than 'cost' for goods and services provided to it by the following persons:

- Members or trustees of the academy trust.
- Individuals or organisations related to a member or trustee of the academy trust, which include:
 - A relative of the member or trustee.

- 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 the company.
- An organisation 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).
- Any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust, or anybody connected to such an individual or organisation.
- Any individual or organisation recognised by the Education Secretary as a sponsor of the academy trust or anybody connected to such an individual or organisation.

A body is connected 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 applies to contracts with a related party agreed in any one financial year on or after 7 November 2013 that exceed £2,500 cumulatively.
- Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 is paid at no more than 'cost'.
- The 'at cost' requirement applies to contracts for goods and services from a related party.
- In relation to organisations supplying legal advice or audit services to the trust, the 'at cost' requirement applies where the organisation's partner 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 prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.
- The trust ensures that any agreement with an of the above individuals or organisations to supply goods and services is properly procured through an open and fair process and is supported by a statement of assurance to the trust confirming that charges do not exceed the full cost of the goods or services.

Transactions with connected parties that are novel, contentious and / or repercusive

The academy seeks the ESFA's prior approval for transactions with connected parties that are novel and/or contentious.

- The trust carefully considers the impact of this requirement and its relevance to transactions involving the board and/or the accounting officer.
- The trust seeks the ESFA's prior approval, using their enquiry form, for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value.
- 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.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and therefore have wider financial implications.

Register of Business Interests Policy

All employees, Members and Trustees of WMAT who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the trust.

The trust therefore maintains a register of the business interests of each member, trustee and member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence. The register includes:

- Interests such as directorships, shareholdings or other appointments of influence within a business or organisation from which the academy may wish to buy goods or services.
- Interests in the appointment, salary, promotion or conditions of service of members of staff.

The information in the register is taken into account whenever buying or staffing decisions are made. Any member, trustee or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any member, trustee or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Certain interests such as directorships, partnerships, employments, trusteeships and governorships are declared irrespective of whether or not there is a trading relationship with the academy.

Members, trustees and members of staff are required to inform the academy of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any member, trustee or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

The minutes of the full Trust and Local Governing Body, finance committee, or any other committee which can influence a buying decision, record a standard agenda point seeking updates to governors' business interests.

The only exception to the requirement to disclose a business interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have

dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the academy has or may have dealings with the company.

The register is freely available for inspection by trustees, governors, staff and parents.

The academy publishes on its website the relevant business and pecuniary interests of all its trustees, governors and members.

Receipt of gifts, hospitality, entertainment and other services

The academy does not accept any gifts, awards, prizes or any other benefit which might be seen to compromise its personal judgement or integrity. All members, trustees, members of local governing bodies and members of staff have been made aware of this.

Members, Trustees, member of local governing bodies and members of staff do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers or any person wishing to use the Trust's services or facilities. When considering whether to accept such offers, they consider whether they could affect their independence or cause concern to others that they might affect their independence.

Each academy maintains a register of gifts and favours offered and whether these were accepted or rejected. Trustees, Governors and members of staff are required to inform the academy of such offers as they arise.

In the event that there is uncertainty over whether or not the acceptance of a gift or hospitality is appropriate, the matter is discussed with the chief financial officer or Headteacher/Principal.

Expenditure on gifts, hospitality, entertainment and favours

The full governing board approves any expenditure on gifts and hospitality. The Trust maintains a log of these. Such expenditure is only authorised if the governing board can demonstrate that they have taken into account the principles of probity, regularity and value for money.

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace. The Headteacher/Principal maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

Private use

The academy does not obtain goods or services for the private use of trustees, governors and members of staff. Members, Trustees, governors and WMAT members of staff may not:

- Hold any interest in any equipment or property held or used for the academy.
- Acquire any interest in the disposal of academy equipment or property at the end of any contract between the academy and any third party.

Internal scrutiny

Each academy is required to implement robust systems of internal control and a system of checking financial controls.

The Trust has appointed an independent company to carry out these checks.

The programme of checks carried out is agreed with the Head of Finance. After each term checking session, the company provides the Board of Trustees and Local Governing Body with a written report explaining any material control issues and remedial action required.

Whistle blowing

Please refer to the WMAT Whistle blowing policy.

Fraud reporting

The trust notifies the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud or theft exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, is also reported. The following information is provided:

- Full details of the event(s) with dates.
- The financial value of the loss.
- Measures taken by the academy to prevent recurrence.
- Whether the matter was referred to the police (and why if not).
- Whether insurance cover or the risk protection arrangements have offset any loss.

Taxation

The WMAT Director of Finance is responsible for advising on and ensuring compliance with VAT, PAYE and national insurance, and corporation tax, where this applies.

The trust abides by the procedures issued by the HMRC (Her Majesty's Revenue & Customs) in connection with VAT. VAT returns are prepared by the finance team and submitted by the Director of Finance.

The trust keeps potential 'trading' activities under review and considers whether to set up a subsidiary trading company.

Payroll arrangements for senior members of staff comply with the HMRC guidance on tax obligations. Senior managers with significant financial responsibilities are exclusively on the trust's payroll, and therefore subject to PAYE and NIC contributions deducted at source.

Annual accounting

The trust's financial year runs from 1 September to 31 August and is consistent with the academic year.

Annual financial statements are prepared in accordance with the statement of recommended practice (SORP), the requirements of the Companies Act and with the provisions of the academies accounts direction produced by the ESFA.

The trust's accounting policies have been approved by the Trust Board.

Audit

The trust has appointed, following a competitive tender, statutory auditors, who are registered under the requirements of the Companies Act, to carry out an audit and certify that the accounts are 'true and fair'. The auditors are engaged to carry out a 'true and fair' audit and a regularity audit. The engagement letter complies with the requirements of the ESFA for regularity auditing. Additional services are not supplied but, should they be, these will be subject to a separate letter of engagement.

The letter of engagement:

- Provides for the removal of the auditors before the expiry of their term of office in exceptional circumstances. Proposals to remove the auditors require a majority vote of the members of the trust board.
- Requires the auditors to state their reasons if they resign from office, within 14 days of resignation.

The trust board must notify the ESFA immediately of the removal or resignation of the auditors:

- In the case of removal, the trust board must notify the ESFA of the reasons for the removal.
- In the case of resignation, the auditors must immediately copy to the ESFA a statement of their reasons.

An accounting officer's statement on governance, regularity, propriety and compliance is included in the academy's annual report. A review of this statement is included within the external auditors' remit and their opinion on this is addressed jointly to the academy and the ESFA.

The accounting officer also has a responsibility to advise the trust board and the ESFA of any instances of irregularity or impropriety, or non-compliance with the terms of the academy's funding agreement.

The appointment of external auditors is carried out annually and the renewal of engagement is at the discretion of the trust board. Formal reassessment is to be carried out every three years through a process of competitive tendering.

The academy's auditors are authorised to access all financial records, supporting documents and resources.

The report from the annual external audit, and the associated action plan, is received by the audit committee and reported to the trust board.

Internal scrutiny

The trust's programme of internal scrutiny provides independent assurance to the board that its financial and other controls and risk management procedures are operating effectively.

Internal scrutiny is delivered by using a bought-in internal audit service. It is covered by a scheme of work, driven and agreed by the audit committee (which is combined with the finance committee) and informed by risk. The trust identifies on a risk basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. This involves greater scrutiny where procedures or systems have changed. The programme of work is carried on throughout the year and includes regular updates to the audit committee. The audit committee reports to the trust board on the adequacy of the trust's financial and other controls and management of risk.

Internal scrutiny focuses on:

- Evaluating the suitability of and level of compliance with financial and other controls.
- Offering advice and insight to the board on how to address weaknesses in financial and other controls.
- Ensuring all categories of risk are being adequately identified, reported and managed.

The trust submits an annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year, when it submits its audited annual accounts.

The trust is required to implement robust systems of internal control and a system of checking financial controls.

The control framework includes:

- Ensuring delegated financial authorities are complied with.
- Maintaining appropriate segregation of duties.
- Co-ordinating the planning and budgeting process.
- Applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations.
- Planning and oversight of any capital projects.
- Management and oversight of assets.
- Regularity and propriety and value for money in the organisation's activities.
- Reducing the risk of fraud and theft.
- Independent checking of financial controls, systems, transactions and risks. The trust has appointed an independent company to carry out these checks.

The programme of checks carried out is agreed with the trust board annually. After each checking session, the company provides the trust board with a written report explaining any material control issues and remedial action required.

Scheme of delegation

The trust board has approved a written scheme of delegation and this is reviewed every three years or if the structure of the trust changes due to new schools joining. The scheme of delegation is adhered to at all times.

Academy development plan and budgeting

Budgeting

The trust board has a three-year trust development plan, which explains how it intends to use its resources to achieve its aims and objectives. The three-year budget derives from this plan.

The plan takes account of:

- The educational priorities for the trust.
- Likely demographic changes affecting students and staff.
- The building and repair maintenance programme.
- Repair and renewal programmes for furniture, fittings and equipment.

The plan is reviewed on an annual basis and updated in the light of new information and changed priorities.

The underlying principle is that all schools in the Trust draw up and monitor their own budgets using the procedure outlined by the Head of Finance.

The budget is constructed by the academy's School Business Manager/ WMAT Central Finance Management Accountant /Head of Finance using the following processes:

- An estimation of income, including grant and other income such as income from lettings, catering and the trust shop
An estimation of staffing costs, based on a staff salary calculator and taking into account known appointments, retirements and rates of pay.
- An estimation of other expenditure based on service level agreements and likely cost trends.
- The identification of potential savings.
- The allocation of curriculum budgets to departments, using a transparent formula to allocate funds equitably in line with need and academy priorities.
- The allocation of non-curriculum budgets to the relevant cost centres.

- Managing planned levels of unspent balances – ensuring that the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position, or build up unspent balances to fund future development plans.
- School budgets are recommended to the Trustee board for approval by the Local Governing Body
- Once school budgets are approved by the Trustee board a consolidated budget for the MAT is then drawn up by the Head of Finance

Planned capital income and expenditure are identified separately within the budget.

The chief financial officer also produces a cash flow forecast for the year and a projected balance sheet for the year end.

The budgeting process starts at the beginning of the spring term each year. The School Business Manager/ WMAT Central Finance Management Accountant/Head of Finance draws up a draft budget for the following financial year. This is submitted to the local finance committee for their review, discussion and amendment if appropriate. The budget is then submitted to the full local governing board for formal review and approval, then to the Trust board for approval before sending to the ESFA by their specified deadline. Each governing board and Trust Board minutes its approval of the budget.

Each Local Governing Body must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August. Trust board approval must be sought before drawing on unspent funds brought forward from previous years. The trust board must minute their approval(s).

If an unplanned deficit occurs during the financial year, the Local Governing Body must notify the trust as soon as it is aware of this. If an unplanned deficit occurs during the financial year, the trust must notify the ESFA as soon as it is aware of this.

The School Business Manager/WMAT Central Finance Management Accountant / Head of Finance / COO produces monthly budget monitoring reports and is required to inform the chair of the finance committee and the chair of the Local Governing Body immediately should a deficit become likely.

The budget can only be amended or reforecasted after it has been approved by the Trust board and sent to the ESFA. Budget holders cannot exceed their budget allocation, unless they have the written approval of the principal.

Reporting financial results

Budget monitoring reports – Local Governance

Each academy's finance committee reviews termly the KPI finance documents – one ytd, one forecast full year, one prior year and one reforecast ytd which form a strategic overview for the finance committee.

Budget monitoring reports – Senior Leaders

Individual schools within the MAT are required to monitor their own performance against their budget and justify the results against the criteria shown below or as required by the CEO.

Each academy's budget monitoring reports are prepared monthly by the School Business Manager/WMAT Central Finance Management Accountant / Head of Finance and the following information is displayed in columnar format showing each school and summarised by MAT

- The annual budget approved by the Trust.
- The actual spend to date (including commitments).
- The percentage of the budget spent and committed.
- End-of-year forecast
- Variance from forecast to actual spend.
- Details of revenue and capital funds.

Revenue and capital balances are reported separately.

Any significant changes in academy priorities which necessitate a review of the budget allocations are brought to the attention of the finance committee.

The School Business Manager/ WMAT Central Finance Management Accountant / Head of Finance carries out monthly reviews of actual performance against budget and forecast and produces a schedule explaining variances and recommending reforecasting as necessary.

The School Business Manager / WMAT Central Finance Management Accountant /Head of Finance also produces a monthly balance sheet.

Budget holders receive monthly reports showing budgeted expenditure, actual expenditure on an accruals basis and commitments.

Headteacher/Principal and leadership teams of each academy will review these reports on a monthly basis.

The management accounts are shared with the chair of trustees every month and with other trustees six times a year. The board considers these when it meets and ensures that action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

Cash flow

Where the trust requires an academy to:

The School Business Manager/Head of Finance / COO is responsible for preparing monthly cash flow forecasts to ensure that each academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the extra funds. Similarly plans are made to transfer funds from another bank account or to re-profile general annual grant to cover potential cash shortages.

Computerised accounting system

The Director of Finance has prepared a business continuity plan which includes the actions the trust would take in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Each academy's accounting system is computerised. Access to the system is restricted to the academy's employees and those authorised by the principal, such as an outside bursarial service. The system is accessed by passwords, which are changed routinely on a termly basis. Passwords are only known by the relevant member of staff and the systems manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password.

Software is installed on the academy's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files.

Three-monthly reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the academy is removed as soon as the staff member leaves.

The system is cloud based and so the back-up systems are relevant to that system.

The trust complies with the requirements for retention of records prescribed by the Companies Act and charity legislation.

The trust complies with the requirements of the Data Protection Act.

Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by the School Business Manager/Head of Finance / COO before being entered on the accounting system.

Reconciliations

The School Business Manager / WMAT Central Finance Management Accountant / Head of Finance is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account.
- Purchase ledger control account.
- Payroll control account.
- All suspense accounts.
- Bank balance per the nominal ledger to the bank statement.

The School Business Manager / WMAT Central Finance Management Accountant / Head of Finance signs all reconciliations as evidence of review.

Authorised signatories list

An authorised signatory list, including specimen signatures and covering all key financial systems, is held in the finance office for reference purposes.

Payroll

The Board of Trustees approve appointments from Deputy Headteacher/Principal and above. The Local Governing body formally approves all other leadership team appointments.

Please refer to the WMAT Recruitment policy.

The Head of Finance or School Business Manager / WMAT Central Finance Management Accountant maintains a list of staff employed by the academy and their current salaries, which has been authorised by the Local Governing Body.

The Human Resources Manager or designated person maintains a record of all appointments and resignations, changes in remuneration, and records of sickness and other leave.

Existing staff remuneration is made in accordance with the academy's pay policy and TUPE arrangements. All new staff appointments are made in accordance with the trust's pay policy. All appointments are confirmed by letter and further details are included in the employee's contract of employment and statement of particulars. The Human Resources Manager or designated person carries out the specified pre-employment checks.

Each academy uses the services of a payroll agent and the contract between the academy and the agent is held by the School Business Manager / WMAT Central Finance Management Accountant/ Head of Finance and includes:

- The responsibilities of the trust and the payroll bureau.
- The responsibility for making returns to HMRC and the dates by which these returns should be made.
- Details of ownership of programs and data files.
- Responsibilities for the control and accuracy of data.
- Details of authorised signatories for payroll amendments.
- Back up provisions.
- A schedule of reports to be sent to the trust for financial and personnel monitoring purposes.
- An agreement as to the response time and costs that will be charged for any additional data or reports required by the trust.

Provision for access for trust staff and auditors.

The payroll agent processes the staff payroll only on the written instructions from the School Business Manager or designated person. They do not process salary changes authorised by the person whose salary is changing. The Chair of Trustees notifies any changes to the CEO/Headteacher/Principal's salary to the payroll agent. The School Business Manager/WMAT Central Finance Team / Head of Finance / COO is responsible for notifying the payroll agent of changes to individual pension arrangements, for example opting in or opting out.

Payments are made as follows:

- Net payments to staff, by BACS, to employees of the academy.
- HMRC payments, by the payroll agent, to HMRC.
- Pensions payments, by the payroll agent to the pension's authorities.
- Overtime and other claims, as part of net payments to staff, through the payroll.

Access to personnel files is restricted to the CEO/Headteacher/Principal, the Human Resources Manager and the Chief Financial Officer.

No individual is treated as 'self-employed' without the clearance of HMRC.

Monthly procedures

- The finance office or designated person completes standing data amendment forms and summarises overtime worked.
- The finance office or designated person ensures that expenses and overtime have been validly incurred and appropriately authorised. Claims are not returned to claimants after this check has been carried out.
- The School Business Manager / WMAT Central Finance Team /Head of Finance / COO or designated person ensures these checks have been carried out and authorises the information to be sent to the payroll agent.
- The School Business Manager/ WMAT Central Finance Management Team / Head of Finance or designated person checks the payroll printout received from the payroll agent to ensure that it is only paying its own staff at the correct rates.
- The Head Teacher/Principal and/or chief financial officer or designated person authorise the payroll agent in writing to make the salary payments.
- A monthly print-out of amounts paid to employees is retained by the academy and initialled by the Finance Manager, Chief Financial officer or designated person as evidence of the checking and authorisation procedure.
- The Director of Finance, Human Resources Manager, Headteacher/Principal or designated person check gross pay as per the payroll to personnel records annually.

Additional payments

Any additional payments to staff, for example overtime, must be approved by the designated person or the Headteacher/Principal in advance and the agreed rate of payment should be confirmed in writing. All such payments should be claimed on an official claim form which must be completed in full, including the reason for the claim, and signed and dated by the claimant. The claim should be approved by the relevant budget holder and payment is made through the monthly payroll.

All claims should be made within one month.

Failure of the payroll system

Monthly salary payments are transmitted via the payroll agent. The transmission to bank takes place at least three working days before the payment date. Therefore the academy should be aware of any difficulties at least three working days in advance, thus minimising risk.

Each academy's bank will be consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly.

In the event of total IT failure at the academy, payments would be discussed directly by telephone with the payroll agent.

Payment of expenses

Each academy has an expenses policy which is reviewed by the Local Governing Body on an annual basis. The policy provides guidance about expenses which can be reimbursed to members, trustees, governors and members of staff.

Purchasing

The Local Governing Body makes its buying decisions in accordance with the principles of 'best value' probity and accountability. Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. Divisible contracts are prohibited.

The health and safety competence of contractors is assessed.

Only contractors registered with their professional or trade association are employed to carry out major work at the academy.

Approved suppliers

The trust's finance office maintains a database of approved regular suppliers.

Each academy's finance office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories.
- Trade journals.

- Internet searches.
- Supplier catalogues and mailshots.
- Information from other academies.
- Information provided by the EFA.

The listing of approved suppliers is reviewed and approved on an ongoing basis by the chief financial officer and on an annual basis by the finance committee.

Tendering

All purchases with a value of £180,000 or more are put out to formal tender. The trust advertises throughout the member states of the European Community where there is a legal requirement to do so. Where appropriate, the suppliers invited to tender are drawn from the approved list maintained by the WMAT finance office.

Where required by the conditions attached to a specific grant from the DFE/ESFA, the relevant body's approval is obtained before accepting a tender.

The following tendering procedures are followed:

- The budget holder prepares a specification, which is authorised by the CEO and Chair of Trustees and sent to at least four suppliers.
- The invitations to tender include:
 - An introduction/background to the project.
 - The scope and objectives of the project.
 - Any technical requirements.
 - Implementation details for the project.
 - The terms and conditions of the tender.
 - The form and date of response to the trust.

The use of brand names is avoided and, where appropriate, a European or British Standard or other quality guideline is sought. Reference is made to appropriate safety standards and fire and health and safety regulations.

- All replies are addressed to the COO / Head of Finance in a plain sealed envelope marked 'Tender'.
- The date of receipt of the sealed tenders is recorded on the envelope.
- No supplier is allowed to amend their tender after the fixed date for receipt.

- All tenders are opened at the same time by staff authorised to do so. Two persons should be present for the opening of tenders as follows:
 - For contracts up to £50,000 – two of the budget holder, the COO / Head of Finance or principal.
 - For contracts over £50,000 – the COO / Head of Finance or the principal plus a member of the finance committee.
 - :
 - The date and time of opening.
 - The names and signatures of those present.
 - The value of each tender.
 - Details of suppliers who declined the invitation, or failed to submit a tender.
 - Any omissions in the submission, for example, documents, signatures, missing data.
- Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note.
- Where contracts under seal provide for payments to be made in instalments, the principal ensures a contract register is maintained which shows the state of the account on each contract together with related professional fees and other payments.
- The Trust Finance Committee makes recommendations as to which tender to accept. The decision as to which tender to accept is made in line with the WMAT Scheme of Delegation.
- The reasons for accepting a particular tender are in accordance with the academy's best value policy.
- Suppliers: the following points are considered when deciding which tender to accept:
 - Qualifications, technical ability and experience.
 - Pre-sales demonstrations.
 - After sales service.
 - Quality procedures.
 - References from existing customers.
 - Financial status.
 - Professional indemnity insurance.
- Cost: the following points are considered when deciding which tender to accept:

- Overall price.
- Unit price for parts of the product or service.
- The possibility of 'hidden costs'.
- Scope for negotiation. In any negotiations, the academy will not disadvantage other tenderers or compromise the original tender process. In all such cases, the reasons for negotiations is stated and reported to the WMAT Finance Committee.
- The contract awarded is signed by the CEO and the Chair of Trustees.

Quotations

Quotations are obtained as follows:

- Purchases up to £10,000 – catalogue price lists.
- Purchases of £10,001 to £179,999 – three written quotations.

The trust keeps a record of suppliers who have been contacted but who have declined to provide a quotation.

Purchase orders

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through each academy's Finance office.

Purchase orders follow principles of best value statement and may be ordered online on sites such as Amazon. Official academy orders are not generated for the private use of individuals.

The ordering process for each academy:

- The budget holder raises and signs a requisition form stating the number of items and price of the order to be raised.
- The budget holder sends the requisition to the finance team who checks that the budget holder has sufficient funds for the purchase.
- Where the budget holder wishes to spend more than 30% of their budget, approval is required by one member of the senior leadership team. This is in a series of small orders or one bulk order.
- The finance team generates an official computer order.
- The budget holder and School Business Manager/WMAT Central Finance Management Accountant / Head of Finance approves the official order before it is despatched.
- The finance office distributes the orders to the supplier.
- The computer records all orders placed that have not yet been invoiced. The finance office provides a list of orders to the relevant budget holders on request.

- Cancelled orders are marked as such, with the reason for cancellation, and retained in the finance office.

Receipt of goods

- All goods received are delivered to the budget holder who carries out a prima facie check to ensure that the delivery is complete.
- If the delivery is only partly fulfilling an order, the budget holder notifies the finance office which maintains a record of this.
- The finance office follows up any shortages or defective items with the supplier.
- The finance office records shortages or defective items in a central goods returned file.

Purchase invoices

- The finance office records invoices on the computer as soon as they are received by the academy.
- The finance office checks the invoice against the order and delivery note and evidences this on Invoice.
- No further authorisation is required as the Purchase Order has already gone through this process. The exception to this is where the invoice exceeds the original purchase order by more than 10%.

Authorisation Limits:-

- Trustee over £100,000 – two Trustee signatures
- CEO up to £100,000 – two signatures required (CEO and a Trustee)
- Deputy CEO up to £50,000
- Headteachers/Principals up to £50,000
- Senior Leadership Team / COO up to £10k
- School Business Managers/Director of Finance up to £2,000

Payment of invoices

The finance office reviews the creditors' ledger regularly and selects invoices for payment.

It is the policy of each academy to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the academy's advantage.

Invoices are paid within 30 days unless they are disputed.

Payment is made when the finance office has made the following checks:

- The purchase is recorded on the purchase ledger.
- The purchase represents valid academy expenditure.

- Goods or services were ordered using the academy's ordering policy.
- Goods or services have been received and checked to the order and delivery note.
- Payment has not already been made.
- Prices agree with quotations, tenders, contracts or catalogue prices.
- The arithmetic on the invoice is correct.
- The invoice has been correctly coded.
- Discounts have been taken where applicable.
- VAT is properly accounted for and not claimed on pro-forma invoices.

The School Business Manager/WMAT Central Finance Management Accountant / Head of Finance / COO authorises payment, having ensured that the budget holder has signed the order and that all of the academy's procedures have been followed.

Cheque payment

All supporting documentation is passed to the cheque signatories together with the cheque for signing. The cheque signatories initial the invoices they have seen as a record to show that they were signing for valid academy expenditure and that the relevant pre-checking process had been carried out by the finance office.

Credit notes

Credit notes are attached to the relevant invoices / BACS payment documentation when they are received.

Completeness of supplier balances

Invoices and credit notes are posted to the computer as soon as the academy receives them.

The finance office reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

Segregation of duties

The Trust Board and Local Governing Body is responsible for ensuring the academy has appropriate structures in place to enable effective segregation of duties. The School Business Manager / WMAT Central Finance Management Accountant / Head of Finance / COO/Local Governing Body is responsible for ensuring effective segregation of duties is maintained at all times.

Retention of records

The School Business manager / WMAT Central Finance Management Accountant / Head of Finance is responsible for the secure retention of all financial documents for the period required by the Companies Act and charity legislation. These documents may be requested by authorised external agencies at any time, for example the academy's auditors or the ESFA. The School Business Manager/Head of Finance / COO makes arrangements with the IT manager for the secure retention of electronic accounting records.

Controls over expenditure

Individual budget holders are able to authorise for goods and services less than 30% of their total budget (for individual items) and within their budget. Authorisations over this amount must be referred to the senior leadership team / COO who can authorise expenditure up to £10,000 (for individual items). Authorisations over £10,000 must be referred to the Headteacher/Principal/Deputy CEO who can authorise expenditure of up to £50,000 (for individual items) provided they have already been budgeted for. Authorisations over £50,000 must be referred to the CEO who can authorise expenditure of up to £100,000 alongside authorisation from a Trustee (for individual items) provided they have already been budgeted for. Over this, authorisation must be sought from the Board of Trustees.

Re-forecasting

Re-forecasting (internal transfers) of up to £10,000 may be authorised by the Headteacher/Principal and these must be reported to each academy's finance committee.

Internal transfers may be authorised by the Headteacher/Principal. They must be reported to each academy's Finance Committee termly. The budget must remain balanced.

Budget holders

Budget holders are accountable for the management and monitoring of their budgets, for achieving value for money and for adherence to the academy's financial procedures.

It is the responsibility of the budget holder to ensure that the funds available are not overspent.

Budget holders are informed of the budget available to them at least one month before the start of the academic year. A print-out detailing actual expenditure against budget is supplied to each budget holder monthly.

The budget holder is responsible for the safeguarding of assets and the implementation of effective and secure arrangements for the holding and issuing of stock relating to the cost centre.

Petty cash

Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the accounting PSF system and the maximum balance is £250. The locked petty cash tin is held in each academy's finance office.

Payments from petty cash are only made on completion of a voucher and production of a till receipt or other proof that payment has been made and cannot exceed £25 in value. Petty cash payments are subject to the same authorisation procedures as purchases from the main bank accounts. They are passed for payment by the finance team. The person receiving reimbursement signs for the amount received.

The petty cash float is reconciled on a monthly basis by a designated person. The reconciliation is checked by the finance manager or a different designated person and initialled as evidence of this review. The School Business Manager/WMAT Central Finance Management Accountant / Head of Finance carries out a surprise count of petty cash at least once a year.

In no circumstances are:

- Personal cheques cashed through petty cash.

- Staff loans paid through petty cash.

Income

Introduction

The Board of Trustees has overall responsibility for ensuring that all income due to the academy is properly accounted for. Day-to-day responsibility for this is delegated to the School Business Manager/Head of Finance / COO. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the academies financial handbook.

The School Business Manager/WMAT Central Finance Management Accountant / Head of Finance / COO is responsible for ensuring income is designated to the correct fund and budget area. The School Business Manager/Head of Finance / COO provides updates on fund balances to each academy's finance committee at each of their meetings.

All amounts received are banked intact and accounted for in full. Cash receipts are not retained and used for any other purpose.

In instances where facilities or services are provided by the academy, the Local Governing Body will ensure at least the full cost is recovered through the fee. Fees chargeable are reviewed annually by each academy's finance committee.

The provision of services, such as private consultancy or other paid work or training outside of the employment contract with the academy, is not permitted without the consent of the Headteacher/Principal/CEO in the case of members of staff and by the Chair of Local Governing Body/Trustees in the case of the Headteacher/Principal. Requests for approval must be submitted and authorised in writing. All fees receivable are invoiced by the academy and paid in full into the academy's bank account.

Any bids for funding from external sources are submitted only with the knowledge and consent of the principal.

Cash banking

The following banking procedures apply:

- All controlled (numbered) stationery, including banking bags, paying-in books, cheque books etc., is held securely and numbered items are used consecutively. If any item of numbered stationery is not used for any reason, the item is retained on file, together with an explanation as to why it was not used. There should be no item for which there is no account.
- Visits to the bank are made fortnightly by two people, and all banking should be placed in a sealed bank deposit bag before leaving the school.
- For cash collections in relation to the catering provision, sports hall and any other academy activities:
 - The academy ensures an appropriate till facility is in place, that receipts are issued and that cashing-up and reconciliation procedures are carried out daily.

- The total sum passed to each academy's finance office for banking is accompanied by the appropriate paperwork detailing the amount and details of the source of income, supported by names or receipts.
- The total sum passed to each academy's finance office is checked immediately and verified against the accompanying paperwork.
- A receipt for the cash and cheques handed to the finance office is provided immediately.
- Any discrepancies between the amount received and the details included in the paperwork are highlighted, queried and resolved immediately.
- Income is brought to the finance office on a daily basis.
- These procedures also apply to miscellaneous cash collections from within the academy, for example, school trips, resit examinations and staff events. In addition, a separate record of the various collections, supported by documentation, is held for each event/activity.
- Cash and cheques received by the finance office and their accompanying stationery are transferred to the safe immediately, and not held elsewhere.
- The banking bag and accompanying forms are prepared as soon as possible, and at least on a fortnightly basis. This includes the completion of a numbered paying-in slip which is not detachable from its book and which reconciles with the receipt issued. The name of the person who has prepared the banking is included on the slip.
- Cheques and cash received for the same event/activity are accounted for on the same paying-in slip and within the same banking bag, ie not separated. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.
- The member of staff who has prepared the banking bag and accompanying stationery enters the amount on the accounting software on that same day. This entry matches the receipt issued.
- Where unusually high levels of cash are received, these are banked on the day of receipt or kept in the safe.
- The transaction is reconciled to the accounting system upon receipt of the bank statement and verified against the paying-in book and original receipt.
- Each academy gives due consideration to the separation of duties in relation to banking procedures.
- In no circumstances do cash holdings on the trust premises exceed the insured limit.

Postal receipts

All incoming cheques and cash are recorded immediately and entries verified by someone other than the person who has made the entry.

Fund-raising events

Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.

For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket.

Similar records are maintained for sponsored events.

The gift aid scheme

To ensure that the charity receives all the money to which it is entitled, the designated person:

- Makes regular checks against records to ensure that expected amounts have been received from the donor.
- Ensures that in the case of gift aid donations from individuals, the tax reclaimable has been obtained from HMRC.
- Is careful not to over claim tax repayments.

Letting of academy facilities

All lettings are subject to a letting agreement, setting out the terms and conditions of the academy letting, including the agreed charge.

The Trust Finance Committee, approves letting rates on an annual basis. Where WESS manages lettings on behalf of schools the WESS Board sets letting rates. Free use and charges below economic cost are not permitted.

- All hiring of academy equipment and facilities is recorded on the letting planner kept by the facilities manager and in a lettings diary.
- The lettings diary and the letting planner are reviewed by the finance manager on a monthly basis to ensure that all lettings have been invoiced.
- When a letting is booked, the hirer completes a hire form.
- The finance office generates sales invoices from the computer.
- All monies are subject to receipt in accordance with the terms of the academy's debt collection policy.
- The academy ensures that relevant insurance is in place for each letting.

Academy trips

All monies received for trips are paid through the online portal or cash to each academy's finance office. Each academy's finance office is responsible for keeping adequate records of income and expenditure on a class list.

Each academy's finance office / WMAT Central Finance Team prepares a final income and expenditure account for each trip which has taken place and reports these to the

Headteacher/Principal. The Headteacher/Principal ensures that money collected and expended for each trip is in accordance with the academy's charging policy.

Donations and gifts

The School Business Manager/Head of Finance / COO maintains a detailed record of all donations or gifts made to the academy and ensures these are used in accordance with the purposes specified by the donors.

Online payment system

Each academy has its own online payment system and its instruction for use are available from each academy's finance office.

Records from the on-line payment system are generated to support the process of monitoring and reconciliations and these are retained for a period of six years.

Bad debts

All credit arrangements are approved by a designated person of the senior leadership team in charge.

The School Business Manager/Head of Finance / COO is responsible for ensuring the regular raising and payment of invoices and that VAT is correctly accounted for where it applies.

Each academy chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone and letter, depending on how much time has elapsed since the money was due to be paid.

The School Business Manager/Head of Finance / COO reviews the debtors account on a monthly basis and takes any action necessary in relation to overdue debts. Outstanding debts are reported to each academy's finance committee at each of their meetings.

Writing off bad debts

The writing off of bad debts will only be considered after all avenues for recovery of the debt have been explored and following careful consideration.

The Local Governing Body recognises the delegated limits included in the academies financial handbook, and seeks approval in any situation where the proposed sum to be written off is in excess of the limits stated.

Bank and cash

Bank facilities

The Board of Trustees is responsible for the appointment of the academy's bankers and only the trustees can authorise the opening or closing of bank accounts.

The academy does not go overdrawn or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the academy is not allowed to borrow funds and that on no account should it be allowed to become overdrawn. The academy does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the governing board's investment policy.

The academy holds separate bank accounts for public and private funds, and public and private funds are separately accounted for.

All cheque payments from the bank accounts require two authorised cheque signatories. The cheque signatories of all governors/trustees and senior members of staff. The School Business Manager/Head of Finance / COO maintains an approved list of signatories (including specimen signatures). Cheques are not pre-signed.

All cheques drawn are crossed 'account payee only'. All chequebooks and other controlled, i.e. numbered, stationery are kept in a locked cupboard or filing cabinet. All bank statements are filed sequentially.

The operation of systems such as bankers automatic clearing system (BACS) and other means of electronic transfer of funds are subject to the same level of authorisation and control.

Bank reconciliations

All bank accounts are reconciled on a monthly basis by the designated person. The School Business Manager/Head of Finance reviews all reconciliations, signing them as evidence of review.

Charge and credit cards

The following procedures apply for the use of the academy's charge and credit cards:

- The academy's charge and credit cards are only used for specific academy purchases and must not be used for personal expenditure.
- The purchases are within the funds allocated to the budget holder.
- Authorised users are approved by the COO / WMAT Head of Finance . Authorised users are reported to the WMAT Finance Committee annually.
- The cards may not be loaned to another person.
- The expenses are posted to the relevant accounts.
- Purchase invoices and requisition forms are checked by the designated person against the amounts entered in the accounting system and reconciled with the bank statements and credit card statements.
- The balance on the cards is paid in full each month.

Cash advances

The Headteacher/Principal and budget holder/ School Business Manager/Head of Finance may authorise cash advances in exceptional circumstances where a member of staff will incur expenditure on behalf of the academy. The member of staff completes a form acknowledging receipt of the money. Receipts are retained by the member of staff and provided to the finance office immediately following return to the academy.

General security

Key holders to the safe are authorised by each academy's finance committee and keys to the safe are held securely at all times. Any loss of a key to the safe or the finance office is reported to the School Business Manager/Head of Finance / COO.

Capital projects

In circumstances where capital projects are undertaken by the academy, the Trust board will give consideration as to how these can be best managed within the resources available. Separate project budget monitoring and reporting will be carried out in relation to designated capital projects.

Fixed assets

Asset register

The designated person maintains the asset registers. Each academy includes details of all assets with a cost greater than £5,000, and 'attractive' items below that value, in the asset register. The register records:

- Asset description.
- Asset number.
- Serial number.
- Date of acquisition.
- Asset cost.
- Source of funding.
- Expected useful economic life.
- Depreciation.
- Current net book value.
- Location.
- Name of member of staff responsible for the asset.

Items used by each academy but owned by others are included, with a note of ownership. Leased items are identified as such with the termination date of the lease.

The School Business Manager/Head of Finance checks that the asset register has been checked to assets in the academy annually. Any discrepancies are investigated and reported to the Headteacher/Principal who informs the Local Governing Body of the loss and any known reason for this. The insurers are notified as appropriate.

Any assets removed from the academy site for academy purposes are recorded in a loan book. Assets owned or leased by the academy will not be loaned for personal use.

The length of time the asset will be off site is recorded together with the appropriate authority. The appropriate authority is the School Business Manager/Head of Finance. The designated person checks that assets will be insured before they are removed from the academy. No assets are removed from the academy for a period of time which would unreasonably deny the academy use of those assets.

All assets are security marked.

Disposal of assets

Disposal of land, buildings and heritage assets is carried out in accordance with the requirements of the academy's funding agreement and approval is sought from the ESFA.

All disposals and write-offs of assets, other than land, buildings and heritage assets, are authorised by the Headteacher/Principal if their value is less than £1,000. The disposal or write-off of assets over this value is authorised by the Local Governing Body. Disposals must attract the best price possible and all items no longer required, and with an estimated residual value exceeding £500, are sold.

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

The following records are kept for disposals:

- The item disposed of.
- The date of disposal.
- The method of disposal.
- The proceeds of sale or how disposed of if scrapped.
- The person authorising the disposal.

No item is leased or hired to a third party without the approval of the Headteacher/Principal or Local Governing Body in accordance with the values stated above for the authorisation of the sale of assets.

Losses

All losses are reported to the School Business Manager/Head of Finance who informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The School Business Manager/Head of Finance maintains a record of losses and insurance monies received. The Local Governing Body is informed of all losses.

Leasing

The Local Governing Body is responsible for approving all operating leasing and hiring arrangements.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, subletting or any other form of disposal.

The Local Governing Body seeks the ESFA's approval for any arrangement to enter into a finance lease, to take up or grant a tenancy or leasehold of a building of any value.

Investments

All investment decisions are made in accordance with the requirements of the academies financial handbook and the Charity Commission's guidance.

Please refer to the WMAT Investment Policy.

- The Board of Trustees may invest to further the trust's charitable aims, but must ensure that investment risk is properly managed.
- When considering making an investment, the board of trustees must:
 - Act within their powers to invest as set out in their articles of association.
 - Have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques.
 - Exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser.
 - Ensure that security takes precedence over revenue maximisation.
 - Ensure that all investment decisions are in the best interests of the trust and command broad public support.
 - Review the academy's investments and investment policy regularly.

Freedoms and delegations and transactions requiring ESFA consent

Novel, contentious and repercussive transactions

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

Novel, contentious and/or repercussive transactions must always be referred to ESFA for explicit prior authorisation. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/or the accounting officer. The ESFA may also need to refer such transactions to HM Treasury for approval and so trusts should allow sufficient time for proposals to be considered.

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

Borrowing

The academy must seek approval from the Trust prior to borrowing. The Trust must seek 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.

Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

Write-offs and entering into liabilities

Each academy must obtain approval from the Trust. The Trust must obtain approval from the ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- Writing-off debts and losses.
- Entering into guarantees, letters of comfort or indemnities.

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy that has not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy that has submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- Each academy should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits as to how cases should be handled.
- Each academy should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the academy's insurers, or the risk protection arrangements, and should be satisfied that there is no feasible alternative.
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangements.
- Total annual income is defined as grant income as disclosed in the academy's last set of audited accounts.

Before accepting any liabilities for the following, the academy should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options. The academy must ensure that the value of any liability is within its delegated authority to commit.

The liabilities are:

- Issuing specific guarantees.
- Providing a letter of comfort.

- Providing indemnities.

Special payments

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

- Staff severance payments.
- Compensation payments.
- Ex gratia payments.

Payments are subject to review by the CEO and Trustees.

Special staff severance payments are paid to employees, outside of normal statutory or contractual requirements, when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex-gratia payments.

If the academy is considering making a staff severance payment above the statutory or contractual entitlements, it must consider the following issues:

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

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

The Trust has delegated authority to approve individual staff severance 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, the ESFA's prior approval must be obtained.

The Trust should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation. The ESFA has produced guidance and a submission template.

Compensation payments

Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If the academy is considering making a compensation payment, it must 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 has 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, the ESFA's prior approval must be obtained.

The Trust routinely considers whether particular cases reveal concerns about the effectiveness of internal control systems, and takes any necessary steps to put failings right.

Ex-gratia payments

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

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

Ex-gratia transactions must always be referred to the ESFA for prior authorisation. HM Treasury approval may also be needed depending on the nature of the transaction. If the trust is in any doubt about a proposed transaction, they should seek prior advice from the ESFA.

Acquisition and disposal of fixed assets

The Trust must seek and obtain prior written approval from the ESFA for the following transactions:

- Acquiring a freehold of land or buildings.
- Disposing of a freehold of land or buildings.
- Disposing of heritage assets beyond any limits set out in the academy's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

Other than land, buildings and heritage assets, the Trust can dispose of any other fixed asset without the ESFA's prior approval. The trust ensures that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.