




# **The Park Federation Academy Trust**

## **Financial Procedures & Policy September 2020**

## Version History

Version	Date	Status and Purpose	Changes overview
1	20 September 2012	Draft for comment	
8	24 February 2018	Final for Board Approval	Recommended by the Finance and Operations Committee for Board approval.
9	10 November 2018	Final for Board approval	Changes to Governance names Changes to Page 19 who can add supplier details to Civica
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11	01 September 2020	Final for Board Approval	

<b>Approved</b>  <b>Date:</b> 19 <sup>th</sup> SEPTEMBER 2020	 <b>Muralee Nair</b>
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Once issued, as a minimum this document shall be reviewed on an annual basis by the originating team/function. Any amendments shall be identified by a vertical line adjacent to the right hand margin.

To enable continuous improvement, all readers encouraged to notify the author of errors, omissions and any other form of feedback.

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## **1 Introduction**

The Park Federation Academy Trust has adopted the Education & Skills Funding Agency (ESFA) Academies Financial Handbook Policy and Procedures.

This document sets out the roles and responsibilities of Academy management and staff in relation to the Financial Arrangements within the Trust and its Academies. This Finance Policy abides with financial standards as set by the ESFA and The Audit Commission. The Park Federation Academy Trust controls this Finance Policy.

## **2 Governance Structure**

The Park Federation Academy Trust is overseen by Members who have appointed a Board of Directors who have particular responsibilities for governance and management of the Trust and its academies. They are supported by an Academy Council in each Academy and both the Academy Councils and the Board of Directors are accountable for delivery of an effective and efficient education for the pupils of the Trust. The responsibilities are wide ranging and cover all aspects of the curriculum, staffing, health & safety, admissions, attendance, discipline and finance.

### **Role of the Members**

The Park Federation Academy Trust has five members who are not employees and who have a similar role to shareholders of a company limited by shares. They:

- are the subscribers to the memorandum of association (where they are founding members)
- may amend the articles of association subject to any restrictions created by the funding agreement or charity law
- may, by special resolution, appoint new members or remove existing members other than, where there is one, the foundation/sponsor body and any members it has appointed
- have powers to appoint trustees as set out in the trust's articles of association and powers under the Companies Act 2006 to remove trustees
- may, by special resolution, issue direction to the trustees to take a specific action
- appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act)
- have power to change the company's name and, ultimately, wind it up.
- the majority of members are independent of the Board of Directors in accordance with the Academies Financial Handbook
- as responsibility to conduct the trust's business sits with the directors, members are 'eyes on and hands off' and avoid compromising the board's discretion. However if the governance of the trust by the board of directors becomes dysfunctional the members will have a strong interest in ensuring the board has plans to address the issues or otherwise to remove the board or individual directors and re-appoint trustees with the skills necessary for effective governance.
- the members are kept informed about trust business so they can be assured that the board is exercising effective governance. This includes providing the members with the trust's audited annual report and accounts



## **Role of the Board**

The Board Directors of the academy trust are both charity trustees and company directors. They 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 children, and the performance management of staff
- overseeing and ensuring effective financial performance

The chair is responsible for ensuring the effective functioning of the board and for setting professional standards of governance and accountability for the board.

The board of directors will appoint, in writing, a senior executive leader who is appointed as a director. As a multi academy trust, this role is the chief executive.

The board appoint, in writing, Dr Martin Young as its accounting officer. They deem him as a fit and suitable person for the role and he is an employee of the trust. The Board recognise the appointment of an accounting officer does not remove their responsibility for the proper conduct and financial operation of the trust. The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources. They must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

The accounting officers will adhere to The 7 principles of public life.

The accounting officer must have oversight of financial transactions, by:

- ensuring the academy trust's property and assets are under the directors' control, and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts.

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

### **The accounting officer's duty to raise concerns**

The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the funding agreement and handbook.

The accounting officer must advise the board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

1Similarly, the accounting officer must advise the board in writing if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the accounting officer's advice, the accounting officer must consider the

board's reasons and if the accounting officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer must notify ESFA's accounting officer immediately in writing.

### **Directors' statutory duties**

Comply with the trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement. Company directors' duties are described in sections 170 to 181 of the Companies Act 2006, but in summary are 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 interest in proposed transactions or arrangements.

As an employer, the trust has a range of wider obligations including such matters as employment law and health and safety. They must ensure regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The trustees must also take ownership of the trust's financial sustainability and its ability to operate as a going concern.

Board members have a collective responsibility for the financial decisions that are made in the context of how the Trust is run and are answerable to the parents and wider community. The Board, with the help of the Chief Executive Officer (CEO), Chief Operating Officer (COO) and Academy Principals, will decide the strategic direction of the Trust.

### **Statutory requirements:**

- Manage the Trust and Academy budgets, consider the annual budget plan, ratify the budget plan and approve any revisions to the plan
- Decide on how to spend delegated budget
- Decide whether to delegate the power to spend the budget to the Academy Councils, CEO, COO, and/or the Academy Principals, if so then decide on the financial limits of delegated authority
- Be consulted by the ESFA on any significant changes to the fair funding formula
- Ensure accurate accounts are kept
- Determine the staffing structure and implementation of the Trust's pay policy
- Act as a critical friend to the Academy Councils, CEO, COO and Academy Principals by providing advice, challenging and support
- Establish a performance management policy to govern staff appraisal

The Board together with the Academy Councils, CEO, COO and Academy Principals have direct control over substantial amounts of delegated funds. They make key decisions about the allocation of financial resources. It is therefore necessary to ensure that the Board, as a whole, have sufficient knowledge about the financial procedures regarding how funds are obtained and spent in order to make these decisions. If board members have a good understanding of high standards of financial management and control and aim to achieve these, they are better able to safeguard the public money for which they are responsible.

The Board should therefore be able to:

- Set financial priorities through the utilisation of the Trust Development Plan and Academy Development Plans
- Look at long-term planning for use of Trust funds
- Understand the Trust budget and approve spending in accordance with Trust Development Plan and Academy Development Plans and statutory curriculum requirements laid down by government
- Approve and monitor the Trust budget
- Ensure effective budget management
- Ensure the Trust meets all statutory obligations
- Determine virement and expenditure thresholds
- Evaluate spending decisions

Other responsibilities of the Board:

- Ensure that an up-to-date financial procedures handbook is in place
- Establish formal procedures and timetable for budget planning
- Ensure that only a balanced sound budget is approved
- Ensure that financial records are maintained in order to satisfy auditors and inspectors
- Respond promptly to recommendations made by any inspection or audit
- Monitor budgets and implement virements when appropriate
- Ensure the Trust obtains best value for money when securing goods and services
- Establishing charging policies
- Establishing and maintaining a register of interests of Directors, Academy Council members and staff who influence financial decisions
- Ensure that financial duties of staff are clearly described
- Ensure that salary payments are only made to Trust employees and in accordance with the conditions of employment and only for services provided to the Trust.
- Ensure that appropriate deductions are made (Tax and National Insurance [NI])
- Ensure that payroll changes are accurately recorded and promptly processed
- Determine if the level of insurance for the Trust/Academy is sufficient
- Authorise the disposal or write off of Trust/Academy assets

The Board can appoint Board committees, which may take on any of the above roles. Financial decisions are delegated to the Finance & Operations Committee. Wherever possible, Directors with specialist financial knowledge are recruited to this committee.

The Finance & Operations Committee will:

- Define its terms of reference
- Define the extent of its delegated authority
- Ensure the Board receives minutes of the Committee's meetings
- Review the remit and membership annually

The Finance & Operations Committee will:

- Review and recommend the annual budget plan to the Board
- Explore different expenditure options and assess bids and tenders, calling on external advice if required
- Forecast future pupil rolls and income levels

- Closely monitor income and expenditure against budget forecasts
- Monitor and adjust in-year expenditure levels
- Ensure that the accounts are properly finalised at year end
- Evaluate the effectiveness of financial decisions
- Administer each Academy's private fund

The Finance & Operations Committee will be a reporting body to the Directors of the Academy Trust. The Chair of the Finance Committee will present a verbal report backed up by appropriate reports on different aspects of the Trust's finances and financial management procedures, to provide the Board of Directors with assurance that the finance function is operating effectively. He/She will not be involved in day-to-day financial transactions and is not a cheque signatory.

The set-up of the Park Federation Academy Trust is shown below:

Members			
Liz Herod	Linda Day	Muralee Nair	Margaret Inniss
Kuldeep Lakhmana	Obaid Siddique		
Board of Directors/Trustees			
Mr Muralee Nair (Chair)	Mr Anoop Ghai	Dr Adel Rouz	Dr Martin Young
Mr Tarsem Chana	Ms Afsheen Chowdhry	Mr Peter Dollimore	Mr Simon Carter
Mr Adrian Ingham			
Academy Council Members			
Cranford Park Academy (CPA)	James Elliman Academy (JEA)	Wood End Park Academy (WEPA)	Montem Academy (MA)
Ranisha Dhamu (Chair) Tasneem Sattar Ravinder Chander Dr Geeta Ludhra Dr Gursharan Viridi Kevin O'Donnell Sara Fatalla Luke Simcock	Peter Dollimore (Chair) Stephanie Weber Nagaswetha Naralavodi-Nagraj Sandie Hopkinson Ajmal Azam	Afsheen Chowdhry (Chair) Deepman Prabhakar Nevin Abraham Manish Ladwa Amanda Biddle Nish Kumar Avril Littlechild	Shuhab Hamid (Chair) Adam Martin Kamaram Basharat Helen Okoro Darren Stewart Ranjeet Jabble
Sarah Evans (Principal) K Lathey (Clerk)	Tajinder Johal (Principal) K Latif (Clerk)	Surjeet Johra (Principal) TBC(Clerk)	Ann Probert (Principal) K Lathey (Clerk)
Lake Farm Park Academy (LFPA)	Western House Academy (WHA)	The Godolphin Junior Academy	West Drayton Academy
Tarsem Chana (Chair) Zainab Virmani Anne-Marie McCarthy Fathia Adams	Simon Carter (Chair) Liz Herod Suki Ranu Anjali Singhal	Aftab Aslam (Chair) Rafid Jadoon Nadia Bashir Anne Tudor	Adrian Ingham (Chair) Emily Allen-Mersh Joanne Callanan Janet Shearer



Zainab Virmani Vishalli Ghai Ranu Ali	Ranjit Siddle Helen Haines Kyla Parmley	Rani Lakha Nadia Nadeem	William Parsons
Harshindar Buttar (Principal) R Nair (Clerk)	Coral Snowden (Principal) N McCaig (Clerk)	Helen Abell (Principal) K Dhindsa (Clerk)	Richard Yates (Principal) D Nash (Clerk)

The Board of Directors delegates some of its powers to each Academy Council as well as to the CEO, COO and Academy Principals.

### 3 The Park Federation Academy Trust Committees

The following committees have been established and each has its own terms of reference and accountabilities as agreed by the Board

The current Committees are made up as follows:

The Park Federation Academy Trust Finance & Operations Committee (FOC)	
Mr A Ghai	Director
Dr Adel Rouz	Chair
Mrs Ranisha Dhamu	Director
Ms Afsheen Chowdhry	Director
Dr M Young	Chief Executive and Director
Mr J Sohal	Chief Operating Officer
Mrs V Gibbons	Clerk
The Park Federation Academy Trust Audit and Risk Committee (ARC)	
Mr Deepaman Prabhakar	Chair
Mr Muralee Nair	Director
Mr Peter Dollimore	Director
Mr Rafid Jadoon	Academy Council Member
Mr Simon Carter	Director
Dr M Young	Chief Executive and Director
Mr J Sohal	Chief Operating Officer
Mrs V Gibbons	Clerk
The Park Federation Academy Pay and Performance Committee (PPC)	
Mr Simon Carter	Chair
Dr Adel Rouz	Director
Mr Anoop Ghai	Director
Mr Adrian Ingham	Academy Council Chair
Mrs V Gibbons	Clerk

### 4 Role of the CEO, COO and Academy Principals

The CEO, COO & Academy Principals have delegated responsibility for the financial management of the Trust and its Academies.

Statutory role:

The CEO, COO and Academy Principals provide vision, leadership and direction for the Trust and its Academies and ensure that they are managed and organised to meet the Trust's

aims and targets, which are established by the Board Directors of The Park Federation Academy Trust.

#### The CEO, COO and Academy Principals

- Are responsible for the internal organisation, management and control of the Trust and its Academies
- Advises on and implement the strategic framework
- Formulate aims and objectives, policies and targets to consider and adopt
- Report regularly on progress to the Board of Directors and Academy Councils
- Gives sufficient information to ensure Board Directors are confident that responsibilities are being met
- Are accountable for the Trust's performance
- Submit an annual budget plan to the Board

#### Other delegated activities:

- Leading and managing the Trust and Academy Development Plans
- Ensuring that the financial regulations/standing orders or ESFA requirements are implemented
- Ensuring that sound financial controls are in place
- Checking that funds delegated by the ESFA are correct
- Ensuring that regular monitoring reports are presented to the Board

#### Responsibilities in respect of the management of resources:

The CEO, COO and Academy Principals are to ensure that resources are efficiently deployed to achieve the Trust's aims and objectives by:

- Creating a productive, disciplined learning environment
- Day-to-day management, organisation and administration of the Trust and its Academies.
- Obtain the Board's approval for virement of budgeted funds
- React to recommendations made by any inspection or audit and advise Board Directors and Academy Council members of the results and remedial action to be taken
- Ensure the maintenance of accurate and current inventories of assets
- Ensure the adequacy of Trust's insurance arrangements
- Implement the Trust's pay policy and appointment procedures
- Monitor, evaluate and review the Trust and Academy Development Plans to secure progress
- Ensure that resourcing and staffing are dedicated to providing the best standards of achievement for all pupils
- Set appropriate priorities for expenditure allocation of funds and effective administrative control
- Manage and organise accommodation effectively
- Manage, monitor and review the range, quality, quantity and usage of all available resources to improve pupil's achievements, ensure efficiency and secure value for money

## **5 The Role of the Academy Principal**

The Principal, with the support of the COO, controls the day to day activities within the Academy and all staff report to the Principal within a management structure.

The Principal, with the support of the COO, is responsible for the day to day activities of Finance & Administration. The Principal's role, with the support of the COO, is:

- To advise the Board of Directors and/or the Academy Council on the position of the Academy budget.
- To ensure the Board of Directors and/or the Academy Council Finance Committee are provided with relevant and timely information for them to discharge their duties.
- To ensure the requirements of the Trust are carried out.
- To alert or inform the Board of Directors and/or Academy Council of any matters considered relevant.
- To ensure all financial matters are undertaken in compliance with ESFA guidelines and the Financial Regulations for Academies.
- Manage the day-to-day budget in line with the expectations of the Board of Directors and Academy Council.
- To ensure all financial returns are completed and submitted within the required time scales.

The Academy Principal can delegate some of his/her responsibilities to the COO.

### **Role of the COO**

The COO will take responsibility for implementing the financial policies and procedures of the Academy alongside the Senior Finance Manager and Finance teams. The COO will have sufficient financial management competency in order to satisfy the role. The COO will have a clear understanding of their role in respect of financial management and ensure that:

- All essential duties are performed and financial controls are exercised without unnecessary duplication of effort
- Post holders are clear about their responsibilities within their job descriptions and are accountable for such actions
- The limits of each person's financial responsibility and authority are understood
- There are clear and effective means of communicating with the Board, CEO and Academy Principals

Financial responsibilities:

- Budget preparation in conjunction with the Academy Council and Academy Principals before presentation to the CEO and Board
- Providing financial advice
- Accountancy principles applied
- Generating and monitoring income
- Administration of the payroll (may be outsourced)
- Arranging and checking insurance
- Costings

- Developing the financial policies and procedures of the Trust.

#### Human Resources:

- Manage support staff in a managerial capacity, including Annual Performance Management
- Assist with the recruitment of teaching and support staff
- Administer contracts of employment
- Obtain appropriate advice on employment law
- Maintain accurate personnel records, including the retention of information according to the Data Protection Act

#### Premises:

- Will oversee the role of the Estates Manager and Site teams
- Will consult with the Estate Manager on the use of budgeted funds
- Will oversee:
  - Premises security
  - Premises health and safety
  - Maintenance contracts
  - Efficient use of accommodation
  - Provision and utilisation of equipment
  - Site and premises development
  - Site services and administration including the monitoring of Academy-based contracts such as catering

The COO shall have a working knowledge of the following procedures and will advise other staff on:

Academy catering  
Travel (Academy trips)  
Examinations  
Admissions  
General administration

The COO may be required to deputise for the CEO and Academy Principals in any of his/her delegated roles and responsibilities where this is within their ability to carry out such a task, for example the presentation of budget monitoring reports to the Board.

## **6 Internal Scrutiny and the role of the Audit and Risk Committee (ARC)**

The Audit and Risk Committee provides independent assurance to the board that it's financial and other controls and risk management procedures are operating effectively. The Audit and Risk Committee will meet three times a year.

Internal scrutiny focuses on:

- **evaluating** the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed



- **offering advice and insight** to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
- **ensuring all categories of risk** are being adequately identified, reported and managed.
- Oversight will ensure information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust and constituent academies, is accurate and in compliance with funding criteria.

The Trust will identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. Internal scrutiny will focus on the output of other assurance procedures such as the external auditor's findings as described in their management letter, and from relevant reviews undertaken by an independent party who conducts two financial checks during each academic year. These checks will be reported to the Audit & Risk Committee who will update the board and will be based on the below.

### **Bank Reconciliations**

- Check that bank reconciliations have been carried out each month.
- Review the validity of reconciling items.
- Check that the bank reconciliations have been signed by the Chief Operating Officer or Principal.

### **Petty Cash**

Petty cash has been approved for use at James Elliman Academy, Montem Academy and West Drayton Academy.

- Check whether any petty cash has been held in the period, and that any petty cash required has been authorised by the Board of Directors and the Chief Executive.
- Review to check that the maximum limit of £100 per transaction has been adhered to.
- Carry out spot checks of petty cash balances and supporting vouchers.

### **Income**

Review receipts from the ESFA.

- Check that the amounts received agree to source documentation.
- Select one category of "miscellaneous receipts".
- Check that appropriate action has been taken on any overdue amounts.
- Check that primary records of amounts due reconcile to records of monies collected.
- Check that monies recorded as collected have been banked promptly and in full.
- Check that monies collected have been recorded correctly in the accounting system.

### **Purchases**

- Select 3 purchase requisitions made in the quarter.
- Check that the requisition has been approved by the appropriate Head of Department, Principal or the Chief Operating Officer for orders exceeding £1,000.

- Where the order is for £3k+, two competitive quotes should have been obtained and purchases over £10,000 must be approved by the Academy Council, Finance Committee or Board of Directors. In the event of a bespoke order, best value and suitable for purchase must be agreed with the Academy Principal and countersigned by the Chief Operating Officer or Chief Executive Officer.
- Agree the requisition to the final purchased order.
- Check that the order has been placed with an approved supplier.
- The order should be attached to the delivery note where applicable (for goods) which should have been signed by the receiver as checked.
- Agree to the purchase invoice.
- Check that the invoice is authorised by the budget holder or administrator confirming receipt of goods prior to payment.
- Select 3 payments made within the quarter.
- Check that the payment was correctly authorised.
- Check that the payment is correctly recorded in the accounting system.
- Check that the invoice has been authorised by the budget holder.
- Agree the invoice details to the order.
- Check that goods or services have been certified as received.
- Check the order to the original requisition request.
- Check that the requisition has been authorised correctly.
- Check that the order has been placed with an approved supplier.

### **Tendering**

Obtain details of any purchases with a value over £50,000 and review documentation to ensure that the correct tender procedures have been followed.

### **Capital contracts**

Review progress against any significant capital contracts to ensure payments made are appropriate and progress is satisfactory.

### **Monthly payroll**

- Select 5 employees from the payroll and check salary details back to personnel records to confirm the amount paid is correct.
- Select 5 amendments made to the payroll.
- Check that these have documented in writing by the Finance Officer.
- Check that these have been countersigned by the Principals.
- Review the final payroll print for one month. It should have been checked for accuracy by the Finance Officer and counter inspected by the Principal.
- The working papers should be signed by the Chief Operating Officer or Principal, which agrees to the final payroll print.

### **Expense claims**

- Review a sample of expense claims to ensure there is appropriate documentation to support the claim and that the claim is appropriately authorised.

### **DfE return**

- Review the returns to the DfES to ensure the information supplied is consistent with the underlying accounting records and internal management reports.

## **Accounting system**

- Review control accounts reconciliations to ensure that they have been correctly prepared and authorised.
- Review through sample checks the procedures used to prepare financial reports issued to Directors and officers of the School and DfES financial returns to be satisfied that they are completed accurately and promptly.

## **Internal Scrutiny Monitoring**

January:	Review of September, October, November and December Draft report issued by Responsible Officer/Audit & Risk Committee
Summer Term:	Review of January, February, March, April, May Draft report issued by Responsible Officer/Audit & Risk Committee

The trust will confirm in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome of the work will also inform the accounting officer's statement of regularity in the annual accounts.

The trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions as presented to the audit by the person or organisation carrying out the programme of work to the ESFA by 31 December each year when it submits its audited annual accounts. The trust will also provide the ESFA with any other internal scrutiny reports if requested.

## **7 Financial Regulations**

The Trust will always follow the guidelines as documented in the Academies Handbook issued by the ESFA. In adopting these guidelines, it is assumed that the Trust/Academy operates within the financial guidelines of the ESFA.

## **8 General Arrangements for Financial Control and Accounting Arrangements**

The Trust follows the guidelines for financial control and accounting as shown in the Academies Financial Handbook.

### **The Scheme of Delegation**

The Scheme of Delegation lists the financial responsibilities of the staff and Board of Directors within the Academy Trust. This delegation is the distribution of responsibilities of the Trust.

The CEO and the Board of Directors review the scheme annually ensuring that the correct levels of delegated powers are given to individuals or committees. The Board of Directors endorses the review before any changes are exercised.

Delegated powers include both financial and non-financial functions

The scheme sets out the delegated powers that come with the responsibility of a particular role. It assumes that the delegated power transfers to the new post holder if the original post holder leaves the Trust/Academy. However, whenever such a change occurs the scheme is updated to include the name of the new responsible member of staff.

The scheme ensures that no one individual has the authority to perform an entire process where Academy delegated funds are involved.

All staff are made aware of the delegated powers that they have been given and are required to complete a declaration accepting the powers and responsibilities.

The full list of delegations can be found in **Appendix 3**, this is communicated to all staff, Directors and Academy Councils at least annually.

## **9 Pecuniary Interests**

It is the responsibility of the CEO and the Board of Directors to ensure that staff and Board or Academy Council members do not directly or indirectly benefit financially when spending public money.

To control this conflict of interest, the Trust has established a register of pecuniary interests of all budget holders, finance colleagues, teachers, Board Directors and Academy Council members.

Annually, in September, a list of current suppliers will be produced by the Senior Finance Manager from the Finance system to show what suppliers are associated with the Trust.

All Directors, Academy Council members and senior members of staff are required to disclose any interest they have in any firms that work for the Trust. Additionally, they are asked to disclose any links they have with local firms (or national firms if relevant) that provide services to schools and academies.

All Directors, Academy Council members, Senior leaders, budget holders and finance staff are required to disclose any interest as soon as they are aware of the link.

All Directors, Academy Council members and senior members of staff are also required to declare the nature of any business or pecuniary interest, direct or indirect of the members of their immediate family.

The register is available for inspection in each Finance office.

The Register of Pecuniary Interest for Board Directors and Academy Councils is held by the Clerk together with the individual Declaration of Pecuniary Interest Form.

## **10 Budget Monitoring, Budget Cycle and Adjustments**

### **Trust and Academy Development Plans and Budgets**

The senior management of the Trust and Academies produce, annually, a Trust Development Plan (TDP) and individual Academy Development Plan (ADPs). The aim of these plans is to develop a strategy for improvement in all aspects of the Trust and its Academies.



The TDP and ADPs cover a medium-term strategy but are linked to annual budgets.

The Board of Directors reviews the TDP and ADPs in the Spring/Summer Term and should then aim to produce the annual budget that supports this plan. The schools resource management tool will assist in identifying any areas where there is excess or lack of expense.

The annual budget process must be complete before the start of the new financial year. The Trust is guided by the deadlines set by the ESFA and the Finance and Operations Committee will recommend balanced budgets to the Board. Where reserves are used for specific projects, these will be communicated.

The Trust management, the Board Directors and Academy Council members also abide by the processes and procedures within this document. Reporting of the budget to the ESFA is done in the required format.

The Trust/Academy always aims to produce a balanced budget with the approval of the Board of Directors.

#### **Annual Budget Cycle**

January:	Census return completed
February/March:	Executive Board start to work on next year's priorities and possible staffing needs. These priorities to be discussed with the Academy council and Finance and Operations Committees.
March:	31 <sup>st</sup> March , Deadline for ESFA to confirm academies budgets
April/May:	Draft Budget to be presented to committees for approval Summer Census return completed
June/July:	Board of Directors agree final budgets and document submitted to ESFA by 31 <sup>st</sup> July
July:	Appointed Auditors start their preparative work on the Annual Accounts
August/September:	Financial Year end (31 <sup>st</sup> August) Start of new Financial Year (1 <sup>st</sup> September) CEO/COO prepare Governance Report for Annual Accounts inclusive Value For Money Statement
September/October:	Appointed Auditors continue audit field work and produce draft Annual Accounts for presentation to CEO/COO October Census return completed
November:	Appointed Auditors present accounts to the Audit and Finance Committees Work force return is completed
December:	Board approves Finance statements 31 <sup>st</sup> December Financial Statements are published

The CEO, Academy Principals and the COO monitor expenditure against the budget on a monthly basis and will store this within the Governance section of the server. The Academy Principals or COO will present a report on the budget position to the Finance Committee.

The meetings of the Finance & Operations Committee are timed to support the planning process and are shown on the timetable in **Appendix 1**.

Any material variances in expenditure are reported to the Chair of the relevant Academy Council, the Chair of the Board of Directors, as well as the Director with financial accountability as soon as they are noted.

In the management of the budget, there is on occasions a need to transfer budgets with changing priorities. All such budget adjustments or virements are recorded and must be authorised before being exercised.

The authority to make budget virements is detailed in the Scheme of Delegation in **Appendix 3**.

Virements from the Capital Budget to the Revenue Budget are not allowed. Virements from revenue to capital are only carried out with approval of the Board of Directors.

## **11 Internal Financial Control and Data Security**

All duties and financial procedures are in line with the ESFA regulations as documented in the Academies Handbook.

Audits are to be conducted annually. These audits cover the use of public funds.

The appointed Auditor is Landau Baker and conducts audits of all funds (public funds and private funds).

There are written descriptions of financial systems and procedures that are kept up to date and accord with any audit or other guidelines from the ESFA.

Staff members are properly trained in the financial systems and procedures. The CEO, COO and Academy Principals will undertake regular reviews of training needs.

There are cover arrangements in place for key financial staff and management. These arrangements include the performance of key tasks and the transfer of responsibility during the period of cover.

Transactional control is supported by systems that include segregation of duties wherever possible.

- Where possible, the duty of calculating, checking and recording of money is separated from duty of collecting and paying out money.
- Any alterations to original documents (such as cheques, invoices and orders) are made in permanent form. The use of correcting fluid and the erasure of information is not acceptable. Any alterations are properly and clearly initialled and dated. Where alterations are made early in the cycle of duty, all authorisations after the alteration must confirm note of the alteration.
- All financial transactions are traceable from the original documentation to accounting records.

- Financial records are kept properly and securely in accordance with the requirements of the ESFA regulations.

Credit card balances and statements are checked each month and inspected by the Academy Principal. All balances are cleared monthly by direct debit.

## **12 Computer Systems**

Control and security of data is maintained within the parameters of the Data Protection Act as well as the Freedom of Information Act.

As such access to financial and operational systems is carefully controlled. The Access rights on the Civica financial systems are shown in **Appendix 6**. These access rights also support the Scheme of Delegation.

The COO ensures adequate separation of duties between personnel entering and authorising data on the computer system is in place.

The COO ensures that only authorised software is used in order to prevent the importing of computer viruses. Virus checking software is also used.

Passwords are changed regularly and only known to the password holders. The System Manager has access rights to reset passwords for staff. Main system passwords are kept in the Trust's safes.

There are set backup processes set up in the system. System backups are taken daily, weekly and monthly in line with procedures as documented within the Trust's Disaster Recovery Plan.

## **13 Procedural Management**

### **Staff expenses**

Refunds of actual expenditure incurred may be made by the Assistant Finance Officer on receipt of an authorised claim form (Travel costs). This form must be completed by the claimant and authorised by the relevant Budget Holder.

Claims for mileage should be authorised by the Academy Principal, CEO, COO or budget holder and processed through the Academy reimbursement or payroll system. The fuel element of any mileage claim may be paid directly through Academy in order to reclaim the VAT element of the purchase.

Claims by staff must be authorised by the Academy Principal. The Academy Principal and COO claims must be approved by the CEO whose claims in turn will be approved by the Board of Directors or COO who will then report this to the next Board meeting. Self-authorisation will not be permitted. Claims must be substantiated by receipts; round-sum allowances will not be paid.

Travel cost mileage refunds will be paid at rates determined from time-to-time by the Board and in accordance with HMRC guidelines.

Expenses are to be refunded from the appropriate source. The repayment may be made through cheque, or through the payroll as a gross, non-taxable payment.

As the refund of staff expenses has tax implications, a letter has been sent to the local Inspector of Taxes (Appendix 2) to obtain dispensation for all claims. This minimises administrative requirements of the Trust with regard to these payments

#### **Procedure to deal with forged bank notes**

All notes should be checked for authenticity. If a banknote is identified as a forgery, try and ascertain the person who presented the payment. If identifiable, explain the problem and request replacement note. This may be followed by a letter if required. Explain that legally we have to retain the note for submission to the police.

If the person presenting the note is unidentifiable, then the forgery should be brought to the attention of the COO as soon as possible.

The Police should be notified about the forgery and the note given to the police if requested.

A journal to reimburse the relevant account from miscellaneous expenditure should be raised, signed by the COO or Academy Principal.

#### **Procedure to deal with unpaid cheque**

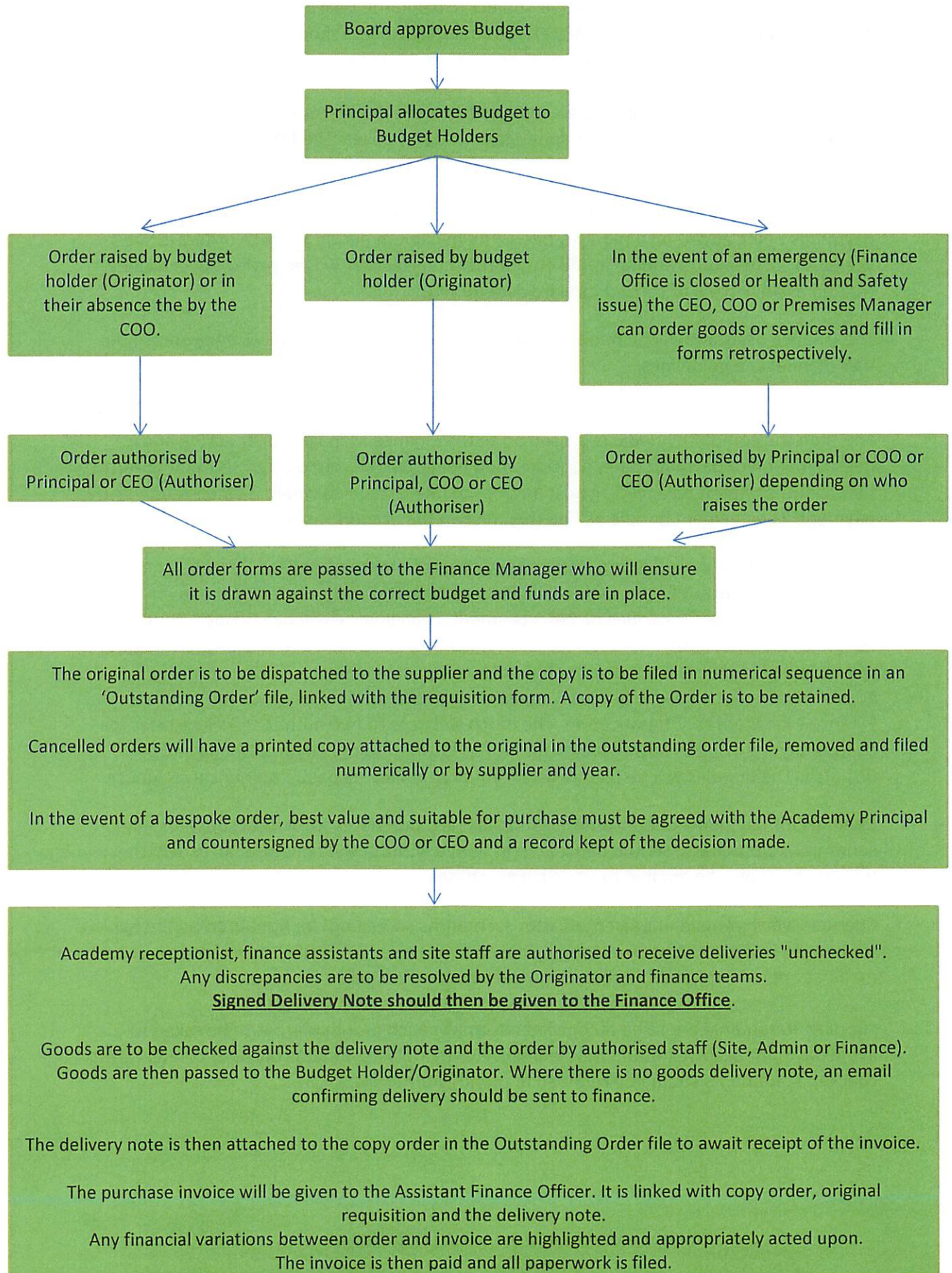
- All cheques should be checked for accuracy (date, signature, payee, etc.)
- If cheque is returned from bank, then letter must be sent to drawer immediately requesting CASH payment as replacement or it may be re-presented if advised by the bank.
- Department (if applicable) need to be informed of this (and/or Head of Key Stage)
- On receipt of CASH, a receipt will be issued and sent to drawer.
- Any imposed bank charges should be passed on to the drawer.
- Failure to pay on first request letter will trigger first warning letter after 14 days.
- Failure to pay on first warning letter will trigger second and final notice letter after a further 14 days.
- If more than one cheque is returned, no further cheque payments will be accepted from the issuer for any purpose, unless confirmed by the COO.
- The Trust should be prepared to negotiate repayment in instalments if this guarantees payment in full.
- (Note: no pupil should be disadvantaged if personal circumstances mean debts cannot be repaid, however, consideration to the fact that monetary implications may arise should be considered.)
- Depending on the amount involved, either:
  - Permission sought to '**write off**' amount by the Board of Directors.
  - Taken to the Board for a decision to take legal action.

#### **Purchase and Payment**

Strict procedures for financial dealings have been determined and are detailed in the following paragraphs. The Trust holds a computerised list of approved suppliers; the Academy Finance Manager is authorised to add suppliers to the list. The list, which is held on the finance software – supplier details includes preferential business terms and



settlement terms and is to be updated on a regular basis by the finance team and made available for reference. The Academy Finance Manager will ensure due diligence checks are conducted on all suppliers inclusive of IR35 checks. The Senior Finance Manager will review new additions to the system at his monthly meetings with the teams and maintain a tracker. The sequence of events for ordering and payment of goods and services is to be as follows:



In obtaining goods/services in excess of £3,000 in value, two competitive quotations and in excess of £10,000 in value, three competitive quotations must be organized, and approval sought by email from the respective Academy Principal, Academy Council Chair or the CEO and Chair of the Finance Committee or subject to value the Board of Directors must be given. For purchases exceeding £50,000, a tendering process should be actioned. (refer to Delegated Powers - Expenditure)

When managing Teacher absence e.g. emergency same day Agency cover each academy will record the absence and reason for engaging supply cover. The Principal will countersign this.

Regular payments, such as monthly fees, may be placed on a single order, sequential payments being added on a monthly basis. The maximum period for such orders is five years. Any orders outstanding at the end of the financial year will be reviewed, cancelled, treated as an accrual or carried forward as required.

The Finance Assistant will be mindful of the treatment of VAT on invoices and refer to the VAT manual and guidelines.

Details of the invoice are then entered onto the computer by the Assistant Finance Officer and then the complete bundle is passed on to the Finance Manager for checking and determination of payment date, consideration being given to discounted settlement terms for prompt payment balanced against any loss of interest which would be incurred by early payment. The payment bundle will be then filed in the accounts payable files.

The Finance Office will generate cheque requisitions/remittance advices on the computer and then the Assistant Finance Officer or Finance Manager will generate the relevant (computer generated) cheques or BACS payment. Each invoice will be stamped 'PAID' and have the relevant cheque number noted on the invoice and the control slip. Each cheque will be linked to the relevant payment bundle, comprising cheque, invoice, control slip, goods inwards note, copy order and requisition and the batch of cheques will return to the Finance Manager for authentication. The batch will pass to two authorised signatories for cheque signing or BACS authorisation and then returned to the Finance Manager for dispatch. The bundles will be filed in an accounts paid file, in cheque numerical sequence.

Cheques for payments of non-ordered supplies (e.g. purchases from local suppliers, e.g. supermarket purchase) should be treated as above without the benefit of an order. The VAT rules will also be applied to any such purchases.

Cheques which remain unpresented after six months should not be honoured by the bank; they are to be written back (i.e. the original entry reversed). A further payment should be made as appropriate and the cheque cancelled with the bank. .

Supplier statements are to be reconciled informally each month. Care is to be taken to avoid payment against statement; the invoice is the only legitimate source of billing. Latest checked statements should be retained in monthly order file.

The Park Federation Academy Trust holds Business Credit Cards for each Academy budget holders:

CEO Trust	Limit £1,500
COO Trust	Limit £1,500
Each Academy Deputy Principal	Limit £1,500

### **Permission to Spend Forms**

Where staff are seeking to purchase goods with a greater value than £20 and outside of the normal Purchase Order procedure, a Permission to Spend form should be completed. This form should be authorised by the Principal, COO or CEO.

Staff as part of their duties that work across the Trust or visit other business partners may at times incur unforeseen expenditure and this should be explained to the authorising manager when completing the Petty cash claim form.

Use of Trade store cards should be in line with this procedure with Premises Managers completing Permission to Spend form prior to purchasing goods that would be more expensive if bought through normal school purchasing channels.

### **Alcohol**

The Trust will ensure that budget holders are aware that funds should not be used for the purchase of alcohol.

### **Academy Trips**

It is essential that the Off-site Activities Policy procedures be followed when organising an Academy trip.

Each trip will be authorised and all relevant paperwork will be retained by the Finance Office

All payments for trips are to be handed to the finance office for processing. Payments are collected by Teachers/Assistants in class and brought to the Finance Office where they are verified against the Teacher's record by the Finance team. The money is accounted for within the finance system and held in a secure place awaiting collection.

All donations towards trips are to be handed to the finance office who keeps a record of payments made.

All receipts in relation to trips will be retained by the finance office.

- The third party will submit a 30 day net monthly invoice in arrears, which is accompanied by supporting documentation.

After each trip a reconciliation will take place and the Finance Manager will present this to the Academy Principal for their review and signature.

## **Facilities Management**

- The Trust facilities management service is managed in house by each Academy and overseen by the Estates Manager.
- The Estates Manager will sub-contract services following discussion with the COO, Principal or CEO.

## **Gifts**

The academy trust has a policy and register for the acceptance of gifts, hospitality, awards, prizes or other benefits that might compromise the judgment or integrity and should ensure all staff are aware of it. When making gifts, the trust must ensure the value is reasonable, is within its scheme of delegation, the decision is documented, and achieves propriety and regularity in the use of public funds.

## **Whistleblowing**

The Directors have approved a whistleblowing policy to protect individuals who they believe are doing something wrong or illegal.

## **14 Leasing Arrangements**

The Trust does not enter into Finance Leases.

The Trust will only enter into an Operating Lease with express approval from the Board of Directors and the ESFA as necessary.

## **15 Income Management and Banking**

All income collection is accounted for within the Trust's finance office.

A record is kept for each type of income and where required (lettings) an invoice is presented to the hirer.

Money is collected by Loomis or G4S and is banked promptly and **at least monthly**. Income relating to a specific Academy budget is banked in that Academy's budget bank account.

The Trust uses Lloyds Bank to manage its income.

The arrangements with the bank will be tested with other banks at least every three years to ensure best value.

Reconciliation of bank accounts to Civica are to be carried out at least monthly. Records of reconciliation are held in the Finance Office and will be made available to the Board of Directors and Academy Council Members via a secure position on the Trust server.

## **16 Petty Cash**

Petty cash should be held in a secure safe with a limit of £300 set. A maximum limit of £100 per transaction set, any reimbursement above this value is to be made by cheque.

The Academy currently holds a petty cash float at Goldolphin Junior Academy, James Elliman Academy, Montem Academy and West Drayton Academy.

***If a credit card is used then reimbursement will be made by cheque.***

***The use of petty cash will be in line with the ESFA Regulations, Section 8.***

## **17 Lettings**

The Trust lets out its facilities and related equipment to the public outside of school hours.

A charging scheme is operated that also outlines the facilities available for hire and the terms and conditions of hire. See **Appendix 8**

The Academy Council or Board of Directors will review scales of charge annually to ensure the income is maximised.

The insurance and security arrangements are also reviewed annually to ensure there is adequate protection for both the Trust and the hirer.

Invoices are raised monthly through the accounting system, all debts are reviewed on a monthly basis by the Finance Office.



## 18 Inventory and Assets

Each Academy maintains an Inventory Register. The register is recorded in electronic format.

The Finance Manager is responsible for the maintenance of this register. All assets are to be security marked using Smart Water.

The Inventory is reviewed and checked annually. The findings of this annual inventory check are reported to the Board of Directors highlighting the condition of assets and also missing items.

All items are valued upon conversion to academy status and all new purchases are depreciated according to guidance provided by our auditors and recorded in **Appendix 13**.

A Trust asset is an item, or a group of items, material to the accounts. In determining the materiality, the Trust looks at the cost of the asset, the value of it to the Trust and the effect of its loss on the Trust.

The auditors have been consulted in the final determination of the monetary cost to be used as an indicator of a material asset and have considered the figure of £2,500.00 to be appropriate. Where multiple items exceed £2,500.00 they are to be treated as one item and depreciated accordingly.

Assets will be recorded in the asset register. All subsequent additions and disposals are documented in this register. It is the responsibility of the Assistant Finance Officer to maintain accuracy of the entries. The actual recording, including the origin of the funding will be completed by the Assistant Finance Officer. The recording of assets and a hard copy of the assets register is taken at regular intervals.

The assets register is a complete list of all assets detailing supplier/serial/model number, location, date purchased/estimated age and source of funding for each item.

The assets register is computerised and held in the finance section and is checked annually by the Assistant Finance Officer, with spot-checks carried out by an independent staff member. A note indicating that a check has been completed on that date is filed. Discrepancies are checked and, where significant, are reported to the COO for further action and to report to the Board of Directors. On receipt of an invoice including the purchase of a new asset, the item is entered onto the asset register and allocated the next sequential number. Each entry includes details of serial/model number, location, date purchased and source of funding. Consumable items are not recorded in the asset register. Items used but not owned by the Trust are noted on a separate list contained within the asset register.

The deeds are stored with the Trust's Solicitors (Browne Jacobsen). Access to the deeds is restricted to the CEO and the Chair of the Board. Advice of this restriction has been given in writing to the holders.

Depreciation of assets will be kept under continual review and is reflected in **Appendix 13** and see section 18.



Disposal of Assets - Within the limits imposed by the Board, assets are disposed of with the authority of the Academy Principal. Details of the authority to dispose are entered in the asset register. The appropriate form is to be completed by the relevant budget holder/manager and approved by the Academy Principal and the COO.

## **19 Private Funds**

The Academy has a safe and efficient system for the custody and control of private funds under the control of the Board of Directors with all entries recorded within the finance system.

The COO acts a treasurer.

Private Funds and related records are kept separately from official Trust Public Funds.

The accounting procedures reflect the standards for accounting for public money as with the Delegated Trust Budget above.

All controls described in the Finance Policy also apply to the Private Funds.

An independent auditor (Landau Baker) approved by the Board of Directors Finance Committee audits the fund accounts annually.

The accounts are submitted annually and a report is presented to the Board of Directors.

Any suspected irregularities are reported to the Senior Finance Manager immediately.

The Trust is insured through the ESFA Risk Pool Arrangement

The Board of Directors reviews the above procedures annually.

## **20 Personnel, Salaries and Wages**

### **Payroll and Personnel**

The payroll is administered by Dataplan on behalf of the Academy Trust, the service being supervised by the HR Manager through the HR & Payroll Team. All staff members are paid through this service using a BACS system.

Changes to the payroll are to be advised in writing by the HR & Payroll Team, all such advices being countersigned by the Academy Principals with copies sent to Dataplan and retained for audit.

Each year a record of salary changes to non-teaching staff will be made in April and teaching staff in September. This will be produced by the HR Office and signed as correct by the Principal after approval by the Finance and Operations Committee.

In cases of new appointment, a copy of the appointment form is to be raised by the HR Team, authorised by the Academy Principal and forwarded on to Dataplan. They should be notified of the pension arrangements that apply to any new staff member, or in the event of a change of status/Opt Out

A complete monthly payroll printout is to be obtained before payment date. This printout, together with all associated documentation, is to be checked for accuracy by the HR Officer

or Payroll Team and Principal or authorised by the COO, HR Manager or CEO in the Principals absence. The HR Office will enter the information on the computer. The relevant Academy Principal is to sign the working papers. In their absence the CEO, HR Manager or COO should sign.

Any amendments are to be requested by the HR Officer by fax/email or telephone in the first instance and confirmed by the Academy Principal, COO or his representative. It is important that these amendments are reviewed after they have been processed through the payroll system. All payroll records are to be kept, in month order, in a locked drawer and retained for a period of 6 years.

Access to personnel, payroll and payment records is to be restricted to staff members involved directly in the administration of these functions. When not in use, such information is to be kept under lock and key.

Overtime and other regular amendments to the payroll are to be authorised by the relevant manager and countersigned for reasonableness by either the Academy Principal, COO or CEO before payment. Increases in salary and payments such as honoraria are to be authorised by the Principal or CEO. An individual may not authorise a document, which generates a personal benefit so that any additional payments to the CEO must be signed by the Directors.

The Trust will receive notification of the amounts due for salaries and National Insurance, Superannuation Contributions and Tax and will authorise Dataplan to make the necessary contributions on their behalf.

Payment of net salaries will be made by BACS payment into staff bank accounts on the arranged day of each month unless written instructions to the change of date are advised. The payroll provider acts as the agent for authorisation of the BACS payment on behalf of the academy, following the request for payment by the  
Payments of Superannuation and statutory deductions will be made by Dataplan out of this account on the dates laid down by the pension providers and HMRC.

The COO will be responsible for ensuring the Trust's compliance with year-end returns to Customs and Excise.

Payment for mileage reimbursement is made via the payroll system.

Due recognition is made for payments to staff that may constitute 'benefits in kind'.

#### **RECORDS - retention**

The books of prime entry, and/or their computerised equivalents, together with invoices, receipts and payroll and VAT and records (as applicable), must be retained for six years.

This is the minimum period required by HMRC

Records may be retained on electronic form.

Staff records will be retained as recommended by the Information Commissioner

Application form, duration of employment, references received	1 year
Payroll and tax information	6 years
Sickness records	7 years

Annual leave records	7 years
Unpaid leave records	3 years
Annual appraisal/assessments records	5 years
Records relating to promotion, transfer, training, Disciplinary matters	1 year from end of employment

Summary of record of service, e.g. name, position held,  
 Dates of employment 7 years from end of employment  
 Records relating to accident at work 12 years  
 Records of monitoring exposure to hazardous substances  
 - must be kept for 40 years where the record shows personal exposure of identifiable employees, and five years in other cases.

Refer to [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)

## **Pension Schemes**

Teachers Pension Scheme is run by Capita.

All full-time teaching staff are automatically members of the Teachers Pension Scheme but may elect to opt out of the scheme

All part-time teaching staff are also automatically members of the Teachers Pension Scheme, but may elect to Opt Out at time of appointment.

All teaching staff may elect to Opt Out of the scheme at any time.

Refer to [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk)

Local Government Pension Scheme is run by Capita and Royal Borough of Windsor and Maidenhead.

All support staff are automatically made members of the scheme on appointment. They may elect not to join the scheme or Opt Out of the scheme at any time

## **Additional Voluntary Contributions**

This scheme is provided by Capita.

## **HMRC dispensation**

On a regular basis, the Trust will review and apply for dispensation against expenses.

A record will be retained of the outcome of any application and all staff will be made aware that expenses that fall outside of this dispensation may be reported on form P11D and may be liable to tax.

## **VAT Registration**

Academies can recover the VAT they incur because under VAT law they are not acting by way of business and this means they can recover VAT under a special section of the law that applies only to public bodies.

The Park Federation Academy Trust is registered to reclaim VAT. VAT incurred on state Academy costs are recovered on a monthly basis.

For VAT queries, these should be directed to the VAT advisor at Landau Baker (External Audit service)

VAT recovery on trips and Academy uniform:

VAT may be recovered from the cost of trips and purchase of uniform through the public funds provided that the NET only figure be repaid from the holding accounts in the private funds.

## **21 Conduct, Bribery and Corruption and Gifts**

All Board Directors, Academy Council members, staff, pupils and parents are encouraged to report any acts they consider to be improper and or illegal.

The Park Federation Academy Trust “Whistle-Blowing” policy is used as the vehicle for reporting such acts or actions. This can be found on the Trust’s websites.

Any gifts or gratuities received by staff (they should be discouraged in the first instance) must be declared.

### **Loan Procedures**

Items of Trust property including assets may not be removed from the premises without being recorded. Staff may borrow Trust property or assets for use at home provided the following conditions are met:

- The maximum period of loan is to be 21 days unless an extension has been approved by the Academy Principal or Finance Officer.
- The budget holder/manager and the Academy Principal agree and authorise the loan.
- Details of the loan are entered in a hard-backed loan book held by the Assistant Finance Officer before the property is removed from the premises. Loan book pages are numbered sequentially and items listed by entry number.
- The date of return of property is registered by the Assistant Finance Officer in the loan book. Details of the loan are not to be obscured.

Note: it is unnecessary to log out laptop computers/ipads which are allocated to staff for home use.

### **Loss of Trust Property Including Assets**

Actual or suspected loss is to be notified to the COO immediately. A log of all items lost/stolen, or suspected to have been lost/stolen, together with Police/Insurance action taken is brought to the attention of the Academy Principal at the time of a report being lodged.

## **ICT Equipment.**

Due to the complex nature of ICT equipment, a complete register of equipment, software and licences will be held by the ICT department and a copy forwarded to the finance office for their records. Disposal of ICT is subject to the same write- off procedures as other assets

## **22 Review Process**

The Board of Directors through the Academy Council reviews the contents of this policy every three years. It is the responsibility of the COO to ensure that all such policies reviews are conducted.

The review considers any changes to associated publications issued by the ESFA.

The review considers changes to the structure and members of the Board of Directors, Academy Councils and the Trust Staff.

Any changes in responsibilities are also recorded and updated in the policy or related procedures.

Where elements of policy no longer apply, these are removed from the documentation.

The Academy Councils then recommend the adaptation of the revised policy to CEO and the full Board of Directors.

## **APPENDICES**



## Appendix 1 – Timetable of Events

September	October	November
Autumn Term Start	Autumn Census	Workforce census
Update Pecuniary Interest	Finance and Operations meeting	Auditors report to Audit and Finance Committees
Academy Council Committee Meetings take place	External Audit commences	
Board of Directors meeting - Review of Academy Development Plan		
December	January	February
Board Meeting	Spring Term Start	Budget Planning - internal
August Return and Companies House returns to be submitted	Spring Census	
	Finance and Operations Committee Meeting	
	Academy Council Meeting	
March	April	May
Finance & Operations Committee Meeting (Budget Planning)	Summer Term Start	Academy Council Committee Meeting
ESFA release General Annual Grant statements per academy		Summer Census
June	July	August
Finance & Operations Committee meet to review Draft Budget forwarded to Board	Inventory Check	End of year accounting
	Board meeting to approve next academic year budget	

## **Appendix 2 – Remit of the Finance & Operations Committee & the Audit & Risk Committee**

### **The Park Federation Academy Trust Finance and Operations Committee (FOC) Terms of Reference**

#### **Purpose:**

The purpose of the FOC is to assist Board of Directors' decision-making by enabling more detailed consideration to be given to strategic finance, operations and policy matters. It is also, on behalf of the Board, to ensure sound management of the Trust's finances and resources including planning, monitoring and probity.

#### **Authority:**

The FOC is authorised to:

- a. Approve indicative central and individual academy budgets
- b. Approve major expenditure<sup>1</sup> and use of reserves
- c. Approve annual pay awards in terms of affordability
- d. Set levels of contingency funding to be held
- e. Set strategic policy direction on behalf of the Board of Directors, subject to ratification by Board members.
- f. Make recommendations on individual Academy Development Plans and devolve routine oversight to the CEO.

#### **Membership:**

The FOC comprises at least three Board Directors appointed by the Board.

#### **Chair:**

The members will elect a Committee Chair on an annual basis. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **Secretary:**

The Board Secretary shall act as Clerk to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

#### **Quorum:**

Quorum for the necessary transaction of business will be 3 members.

#### **Frequency of Meetings:**

The Committee shall meet three times per year and additionally as required with the following standing agenda items:

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<sup>1</sup> Major expenditure is defined as greater than £25,000.00

- Monitoring of Management accounts
- Human Resources data
- Premises

#### **In Attendance:**

The Chief Operating Officer (COO), Senior Finance Manager (SFM) and Human Resources Manager will attend and provide updates respectively on General Operations, Finance and Human Resources.

#### **Notice of Meetings:**

Meetings will be called by the Clerk and dates set in the Federation annual governance cycle. Extraordinary meetings may be called with a minimum of 5 days' notice.

#### **Minutes:**

The Clerk shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. Draft Minutes will be circulated for approval by committee members within 3 weeks of meetings. The Chair will report on proceedings to the Board.

#### **Duties:**

In the conduct of their duties, members of the Committee are to be guided by the Nolan Principles of Public Life<sup>2</sup> and statutory requirements, in particular those set by the Education & Skills Funding Agency (ESFA). The Committee has a duty to report any matters of significance or concern to the Board of Directors or make recommendations for improvement where shortcomings are identified in a timely manner and by the most appropriate channel. Specifically, the Committee is to:

#### **Exercise Financial Control**

- i. Set and ensure consistent application of accounting policies.
- ii. Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year including the level and use of any contingency fund or balance, ensuring the compatibility of all such proposals with the development priorities of individual Academies, the Central Trust<sup>3</sup> and the Trust as a whole.
- iii. Assess each academy's indicative budget as notified annually by the Department for Education (DfE) via the ESFA and to assess its implications for the singular academy and the Trust as a whole, in advance of each financial year and in consultation with the Chief Executive Officer (CEO), Chief Operating Officer (COO) and respective Academy Principal.
- iv. Assess the indicative budget of the Central Trust as determined by the aggregated annual academy contributions to the Central Trust for the provision of central services.

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<sup>2</sup> Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty & Leadership.

<sup>3</sup> The part of the trust that provides shared services.

- v. Agree Academy & Central Trust budgets by 3<sup>rd</sup> week of July annually and in time to submit to ESFA by its 31<sup>st</sup> July deadline.
- vi. Evaluate and manage financial risk.
- vii. Ensure, through working with the PPC, that annual pay awards, including variable compensation, are affordable.
- viii. Monitor and review expenditure, including banking arrangements, on a regular basis for compliance and against budgetary control totals.
- ix. Ensure compliance and value for money in tendering processes.
- x. Work with the Audit Committee, the Responsible Officer and Auditors in support of the audit process and in response to audit findings.
- xi. Recommend to the Board of Directors the appointment or reappointment of the Trust's external auditors.
- xii. Prepare financial sections within the Annual Directors/Trustees Report for filing in accordance with Companies Act, Charity Commission and ESFA requirements.

#### **Provide strategic oversight of Operations**

- xiii. Ensure all compliance requirements applicable to the Trust's operations are known, understood and being met.
- xiv. Evaluate and manage risks to strategic operations.
- xv. Provide strategic direction for and oversight of:
  - Financial policy and procedures
  - Technology operations and policy, including data protection
  - Human Resources management
  - Estates and Facilities Management
  - Health & Safety at Work
  - Safeguarding
  - Compliance, Whistleblowing & Fraud

and ensure that regular reviews are conducted of the Trust's policies and procedures.

## **The Park Federation Academy Trust Audit & Risk Committee Terms of Reference**

### **Purpose**

The Audit & Risk Committee has been established under the direction of the Academies Financial Handbook 2013<sup>4</sup> to monitor the integrity of financial statements and their associated accounting policies and provide independent checking of financial controls, systems, transactions and risks.

### **Authority:**

The Audit & Risk Committee is authorised to provide guidance on internal audit processes and to liaise directly with external auditors in the course of their conduct of an audit. The Committee is further authorised to seek any information it requires from any employee of the company in order to perform its duties.

### **Membership:**

The committee shall comprise at least 3 members who have been appointed by the Board of Directors and an externally appointed 'Responsible Officer'. Members will normally come from Board Directors and Academy Councils but the Board may appoint an Associate member in order to provide specific experience. No member of staff or member of the Finance and Operations Committee can be a member of the Audit and Risk Committee.

### **Chair:**

The members will elect a Committee Chair on an annual basis. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **Secretary:**

The Board Secretary shall act as Clerk to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **Quorum:**

Quorum for the necessary transaction of business will be 3 members.

### **Frequency of Meetings:**

The Committee is to meet a minimum of 3 times per year and additionally as required in order to:

- Review reports from the Responsible Officer
- Receive reports from the External Auditor
- Review the Strategic Risk Register
- Review and approve statements to be included in the Trust's annual reports concerning internal control, risk management and the viability statement.

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<sup>4</sup> Academies Financial Handbook 2013 Section 3.5

## **Notice of Meetings:**

Meetings will be called by the Clerk and dates set in the Federation annual governance cycle. Extraordinary meetings may be called with a minimum of 5 days' notice.

## **Minutes:**

The Clerk shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. Draft Minutes will be circulated for approval by committee members within 3 weeks of meetings. The Chair will report on proceedings to the Board.

## **Duties:**

Members of the Committee are to be guided by the Nolan Principles of Public Life<sup>5</sup> and statutory requirements in the conduct of their duties. The Committee has a duty to report any matters of significance or concern to the Board of Directors or make recommendations for improvement where shortcomings exist in a timely manner and by the most appropriate channel. Specifically, the Committee is to:

### **Review the effectiveness of financial reporting and other control systems**

- xvi. Ensure effective corporate governance arrangements are in place including the Code of Practice for Governing Body members and the Code of Conduct for Senior Staff.
- xvii. Monitor internal control systems to ensure they are being operated correctly and effectively.
- xviii. Monitor the effectiveness of the internal and external audit services, including implementation of recommendations, and promote co-ordination between the two.
- xix. Ensure all significant losses have been properly investigated and reported as appropriate.
- xx. Examine arrangements to secure value for money alongside the annual Value for Money statement.

### **Advise the Board of Directors on management of Risk**

- xxi. Maintain and evaluate the Trust's central strategic risk register.
- xxii. Review risk management reporting and processes.
- xxiii. Advise the Board of Directors in setting risk appetite and culture.
- xxiv. Monitor effectiveness of risk mitigation measures.
- xxv. Advise the Board of Directors of any need for independent, 3<sup>rd</sup> Party review.

### **Oversee activities of the Responsible Officer**

- xxvi. Advise the Board of Directors on the appointment of a Responsible Officer and the scope of their work.
- xxvii. Set the scope of work to be carried out by the Responsible Officer and the frequency/timing of audits and reports.
- xxviii. Receive and review the Responsible Officer's Reports on behalf of the Board of Directors.

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<sup>5</sup> Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty & Leadership.

- xxix. Agree management responses across the Responsible Officer and Finance & Operations Committee.
- xxx. Ensure that agreed actions in response to management reports have been taken.
- xxxi. Report key findings to the Board of Directors.

#### **Oversee the External Audit process**

- xxxii. Advise the Board of Directors on the appointment of an external auditor, with particular consideration of independence and objectivity, and the scope of their work.
- xxxiii. Set the nature and scope of the external audit.
- xxxiv. Receive and review the external auditor's Management Letter on behalf of the Board of Directors.
- xxxv. Report key findings to the Board of Directors and provide assurance that appropriate responses to the Management Letter have been implemented.

#### **Ensure adequate arrangements exist for whistleblowing & fraud detection**

- xxxvi. Ensure the arrangements allow proportionate and independent investigation and appropriate follow-up action.
- xxxvii. Ensure robust processes are in place for detecting fraud
- xxxviii. Ensure robust processes are in place for the prevention of bribery.



### Appendix 3 – Scheme of Delegation

The Board of Directors delegates its responsibilities to the staff to manage the day to day operation of the Trust and its Academies.

The scheme of Delegation covers the following areas:

- Bank/Cheques Payments
- Petty Cash
- Expenditure Limits – Ordering
- Receiving Goods and Services
- Expenditure Limits – Authorising payment
- Lease Agreements
- Virements and Budget adjustments
- Write off of Bad Debts
- Inventory Disposal
- Staff Expenses

#### Bank/Cheque Signatories

The table below details the persons authorised to make payments using the Trust bank accounts including Main and Private Fund Accounts.

Name	Position	Accounts
Dr M Young	CEO	The Park Federation Trust CPA/WEPA/JEA/LFPA/MA/ WHA/TGJA/WDA
Mr J Sohal	COO	The Park Federation Trust CPA/WEPA/JEA/LFPA/MA/W HA/TGJA/WDA
Ms S Evans	Academy Principal, Cranford Park Academy	The Park Federation Trust CPA Main
Ms R Logathos	Deputy Principal, Cranford Park Academy	CPA Main
Ms S Johra	Academy Principal, Wood End Park Academy	The Park Federation Trust WEPA Main
Ms R Bharakhda	Deputy Principal, Wood End Park Academy	WEPA Main
Mrs T Johal	Academy Principal, James Elliman Academy	JEA Main
TBC	Deputy Principal, James Elliman Academy	JEA Main
Ms A Probert	Academy Principal, Montem Academy	MA Main
Mrs J Hassan	Deputy Principal, Montem Academy	MA Main
Mrs H Buttar	Academy Principal, Lake Farm Park Academy	LFPA Main

TBC	Deputy Principal, Lake Farm Park Academy	LFPA Main
Ms C Snowden	Academy Principal, Western House Academy	WHA Main
Ms S Pearce	Deputy Principal, Western House Academy	WHA Main
Ms H Abell	Academy Principal, The Godolphin Junior Academy	TGJA Main
Ms H Sangha	Deputy Principal, The Godolphin Junior Academy	TGJA Main
Mr R Yates	Academy Principal, West Drayton Academy	WDA Main
Mrs C Nel	Deputy Principal, West Drayton Academy	WDA Main

**Delegated Authority:** See [Appendix 7](#)

#### **Cheque Payments:**

All cheques are signed by two signatories.

The following conditions are also followed:

It is common practice for the more senior signatory to sign the cheque last.

Generally, the COO or Deputy Principal are used as the first signature. The Academy Principal or CEO is used as the second signatory. There could however be circumstances as a result of absence where the Deputy Principal and COO may sign cheques due to the non-availability of the Academy Principal or CEO.

If the goods/service has been ordered by any of the signatories, they should not sign the cheque unless in exceptional circumstances and report this by email to the CEO

Any cheque or BACS payment in excess of £50,000 is reported to the Board of Directors and relevant Academy Council.

#### **Direct Debits**

The CEO, COO or the Chair of the Board of Directors approves the set-up of direct debits.

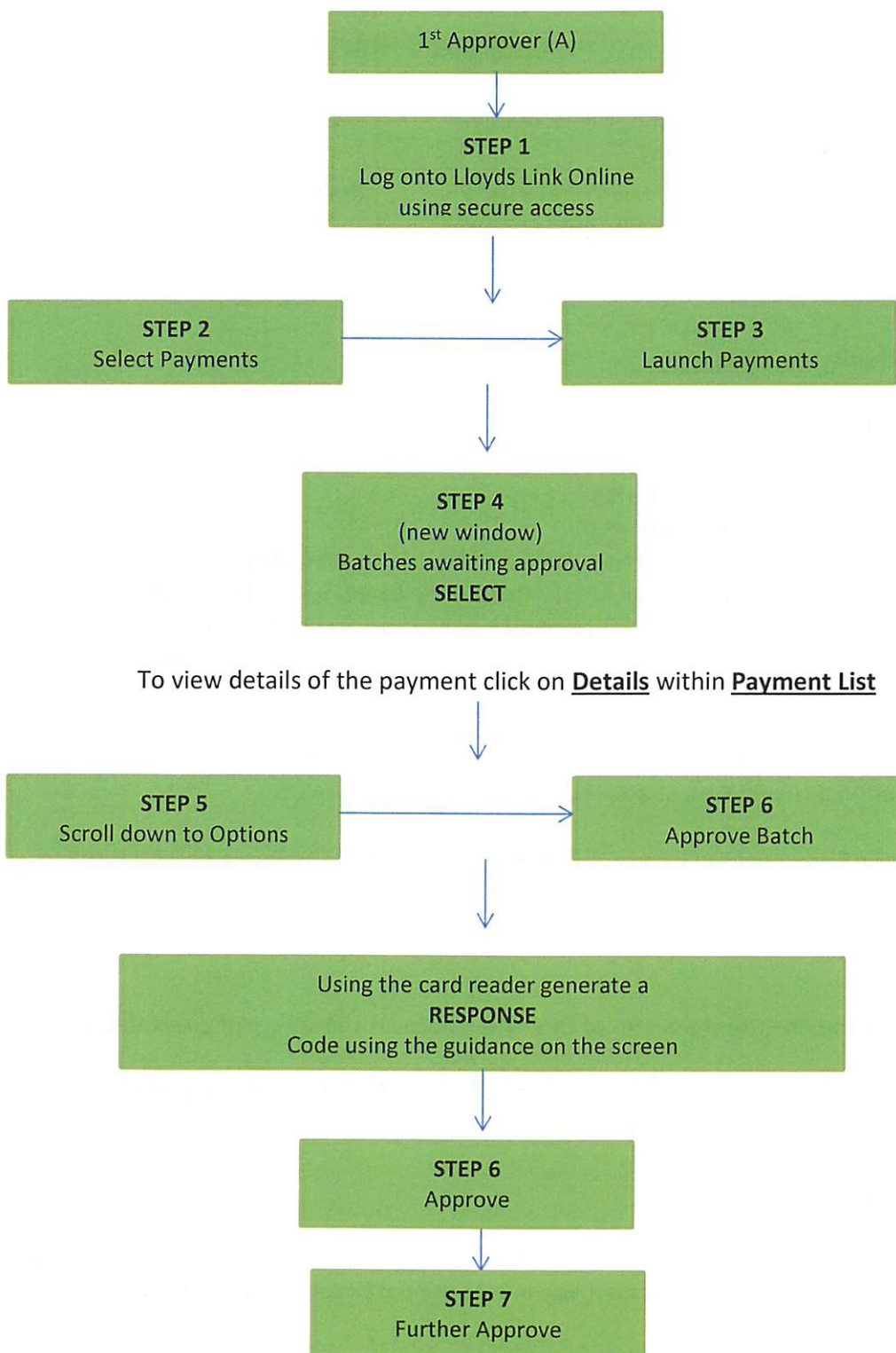
The COO will present a list of all current direct debits to the Board of Directors and Academy council members annually.

#### **Standing Orders**

The use of Standing Orders follows the same rules as Direct Debits. However, it is current policy that payment by standing orders will be made in exceptional circumstances and authorised by the COO and CEO.

### The Park Federation Academy Trust

The sequence of events for approving BACs payments – the BACs file has been created in Civica as per the automatic system payment and uploaded into the secure Lloyds Link. **Finance Manager will inform Approvers that a BACs file is waiting for approval by email and telephone if necessary.**



The batch status will change to **Approved 1**

### **Expenditure Limits – Ordering of Goods and Services**

Each Academy will maintain a list of all staff that are authorised budget holders.

Staff, other than the Academy Principal, can only order goods and services from the budget devolved to them.

Only the CEO, Academy Principal, Deputy Principal, COO or Finance Manager (upon instruction) can order the employment of temporary or supply staff.

See **Appendix 7** which details the specific limits.

### **Expenditure Limits – Receipt Of Goods and Services**

All goods delivered to the Trust are checked on receipt. The Receptionist, Finance Assistant, Premises/Site Manager, Premises Assistant or relative department checks for damage and quantity before signing the delivery note and sending it to the Finance Office for processing.

It is the responsibility of the person who ordered the goods to confirm this check and report any discrepancies to the Finance Office immediately.

In terms of Services of Supply and Temporary staff, a timesheet is signed by subject leader to confirm the hours.

### **Expenditure Limits - Approval of Invoices**

Each invoice is authorised by the budget holder or administrator confirming receipt of goods prior to payment. The budget holder list is updated regularly by the Finance Officer.

### **Expenditure Limits – Tendering Process**

All purchasing follows the guidelines as described within the Finance Policy of the Trust. See **Appendix 7**.

### **Lease Agreements**

Any equipment to be acquired under a leasing arrangement is approved by the Board of Directors. The Academy does not enter into any Finance Leases.

### **Budget Virements and Adjustments**

The Academy Principal approves all budget virements up to a limit of £5,000. The CEO approves virements up to £30,000.00 per Academy. The Board of Directors approves any virements above this limit.

The COO reports all virements to the Academy Council and Board of Directors on a Termly basis.

## **System Processing**

It is the aim of the Trust to ensure that staff that process financial transactions are not involved in the approval process.

## **Bad Debts**

The Academy Principal can approve write off of Bad Debts up to the value of £100 for his or her Academy. The Academy Council can approve write offs of up to £500. The Board of Directors approves write off above this value.

## **Approval of Staff Expenses**

Each Budget Holder first approves expenses before additional approval from the Academy Principal.

The Chair of Board of Directors approves the expenses of the CEO.

#### Appendix 4 – Register of Pecuniary Interest

The following register lists the persons who have been asked to complete a declaration of pecuniary and related business interests. The register is reviewed annually and all Directors, Academy Council members and Staff are asked to sign an up to date declaration.

Name	Position	Declaration Requested (Date)	Declaration Submitted (Date)	Pecuniary Interest Assessed by:	Actions Taken

Details of declared interests can be found on the accompanying Individual Declaration Forms.



## Declaration of Pecuniary or Related Business Interests

Name of Director, Academy Council member or Member of Staff .....

Name of Business	Nature of Business	Nature of Interest	Date of Appointment or Acquisition	Date of Cessation of Interest	Date of Entry

I certify that I have declared all beneficial interests that I or any person closely connected with me have with businesses or other organisations which may have dealings with the Trust.

Signed ..... Date.....



## **Appendix 5 – Budget Virements Monitoring and Authority Schedule**

The Trust maintains a record of all budget virements.

These are recorded in an excel schedule in one of two ways:

- Virements made between budget lines of income/expenditure
- Virements made between cost centres

A hard copy of the schedule is signed by the Academy Principal or CEO and held with any supporting documentation in the Budget Virement Folder in the Finance Office.

The excel file is called **Budget Virements Schedule.xls**

## Appendix 6 – Access and Control (Finance Modules Only)

Access rights are divided into categories that follow the tasks performed on the system. These categories are:

- Supervisor
- Supervisor Defined
- Enter and Authorise
- Authorise Only
- Enter Only
- Read Only
- No Access

(Used for people no longer allowed access to the system e.g. past employees)

The level of access to the system granted to staff is based on the tasks each of them needs to perform.

The Trust aims to segregate system duties so as to prevent a single person performing entries and authorising and initiating payments. However, there are some occasions where this is not possible.

The Table below shows the access rights of all members of staff that use Coreero (Finance Modules Only). The Academy Principal controls the System Manager Access.

Level of Access	Name	Position
Supervisor	Jas Sohal	Chief Operating Officer
Supervisor Defined (Equipment Register)	David Turner	Senior Finance Manager
Enter and Authorise	Karen Devereux (JEA) Toni Ellis (WEPA) Ann Edmondson (LFPA) Harpreet Billimoria (CPA) Medha Algoo (MA) Lea Turkington (WHA) Jo Gardener (TGJA) Penny Harper (WDA) Mary Acland (As required) David Turner (TPFT Central Trust) Rajinder Bhurji (CPA) Pooja Bhakri (WEPA) Karla Patel(JEA) Bal Gattura(LFPA)	Finance Manager Finance Manager Finance Manager Finance Manager Finance Manager Finance Manager Finance Manager Business Manager Consultant Senior Finance Manager  Finance Assistant Finance Assistant Finance Assistant Finance Assistant

	Meena Abbi (MA) Barbara Payne (WHA) Rani Lakha (TGJA) Diimple Padania (WDA)	Finance Assistant Finance Assistant Finance Assistant Finance Assistant
Read Only	Landau Baker Auditors Mary Acland Consultant	

## Appendix 7 – Purchasing - Expenditure Limits & Delegated Authority

The Framework highlights the need for The Trust/ Academy to conform to the National and European Procurement legislation as well as the application of best practice.

The Academy should adapt the approval levels in accordance with their scheme of delegation. Guidance is shown within the table

Category	Value	Procedure Section of Procurement Framework	Post Holder with appropriate delegated authority to award or evaluate.
(i)	Less than £3,000	<b>One quote (record in writing) Best Value</b>	COO and/or Academy Principal
(ii)	£3,000 - £10,000	<b>Two quotes (record in writing)</b>	COO and/or Academy Principal
(iii)	£10,001 - £25,000	<b>Three written quotes</b>	COO (Originator) seeks approval from Academy Principal and Academy Council Chair (views can be collected via email)
	£25,001 - £49,999		COO (Originator) seeks authorisation from CEO, Academy Council Chair and Chair of Finance & Operations Committee (views can be collected via email)
(iv)	£50,000 to £99,999	<b>Mini tender – one stage</b> Competitive tender without prior advertisement against written specification of requirements 5 tenders	Trust Finance & Operations Committee can decide on the contractor as long as the original authorisation for the project had been given formally by the Board of Directors.
(v)	£100,000 to £173,933	<b>Mini tender – Two stage</b> Competitive tender without prior advertisement against written specification of requirements 6 tenders	Board of Directors.
(vi)	£189,330 and above	<b>Full advertised two stage competitive process OJEU Notice</b> European tender (goods/services)	Board of Directors.

Action	Responsibility	Financial Limit
Signing cheques or authorising BACS payments	<p>Any two of the following in accordance with the bank mandate details:</p> <p><b>The Park Federation Academy Trust</b>  Dr M Young  Mr J Sohal  Mrs S Evans  Ms S Johra</p> <p><b>Cranford Park Academy</b>  Dr M Young  Mr J Sohal  Mrs S Evans  Mrs R Logathas</p> <p><b>Wood End Park Academy</b>  Dr M Young  Mr J Sohal  Ms S Johra  Miss R Bhakhdra</p> <p><b>James Elliman Academy</b>  Dr M Young  Mr J Sohal  Mrs T Johal</p> <p><b>Montem Academy</b>  Dr M Young  Mr J Sohal  Ms A Probert  Mrs J Hassan</p> <p><b>Lake Farm Park Academy</b>  Dr M Young  Mr J Sohal  Mrs H Buttar  Ms A Carlisle</p> <p><b>Western House Academy</b>  Dr M Young  Mr J Sohal  Ms S Pearce  Mrs C Snowden</p> <p><b>The Godolphin Junior Academy</b>  Dr M Young  Mr J Sohal  Mrs H Abel  Ms H Sangha</p> <p><b>The West Drayton Academy</b>  Dr M Young  Mr J Sohal  Mr R Yates  Mrs C Nel</p>	<p>Any 2 to sign</p> <p>All cheques or BACS Single items exceeding £50,000.00 will be reported to the Board of Directors and relevant Academy Council.</p>
Authorising orders	<p>Dr M Young (CEO)</p> <p>Mr J Sohal (COO)</p> <p>Mrs S Evans, Miss S Johra, Mrs A Probert, Mrs H Buttar, Mrs C Snowden, Ms H Abell, Mr R Yates, Mrs T Johal (Academy Principals)</p>	<p>£25,001 and above</p> <p>£25,000</p>

Authorising BACs Salary Payments	Through Dataplan, epaysafe portal (password protected) Principal COO CEO HR Manager	CPA £350,000.00 JEA £250,000.00 LFPA £250,000.00 MA £280,000.00 WEPA £325,000.00 WHA £300,000.00 TGJA £250,000.00 WDA £250,000.00
Authorising BACs payments	Through secure LloydsLink Online (password and card reader required) 2 type (A) Approvers from each academy required in accordance with bank mandate details  1 type (A) Approver and 1 type (B) approver for each academy required in accordance with bank mandate details  (A) Approvers A combination of Principal (or Head of Academy) and Deputy or Vice Principal and COO CPA Mrs S Evans & Mrs R Logathas JEA Mrs T Johal & TBC LFPA Mrs H Buttar & Ms A Carlisle MA Ms A Probert & Mrs J Hassan WEPA Ms S Johra & Miss R Bhakhdra WHA Mrs C Snowden & Mrs S Pearce TGJA Ms H Abell and Ms Sangha WDA Mr R Yates & Mrs C Nel  (B) Approvers For CPA, JEA, LFPA, MA, WEPA, WHA, TGJA and WDA Dr M Young Mr J Sohal	Per transaction – not batch Up to £25,000.00  Over £25,000.00  Maximum upper value restricted to £250,000
<b>TRUST ONLY</b> ESFA Cash Advances	Through secure online transfer via Lloyds Link  CEO/COO	Internal Control  Both signatures/approval required
Approving budget virements	Board of Directors  CEO  Academy Principal	No Limit  £30,000 per Academy  £5,000 per Academy
Communicating with bank	COO Senior Finance Manager Finance Officer	N/A
Receiving goods	Finance Assistant, Premises Manager or Assistant, Receptionist or Budget Holders	N/A

## **Appendix 8 – Lettings Policy**

The Trust lets out part of its premises and related equipment for public use outside normal school hours. These lets are short term and generally charged on an hourly basis or as agreed.

The premises available for hire are:

The Main Hall

The Studio

Football Pitches

First Floor accommodation (classrooms)

The site house at James Elliman/Western House/West Drayton Academy

Each let is made on the hirer's acceptance of the terms and conditions of hire.

## APPENDIX 9 - Financial Risk Check sheet

The Chief Operating Officer will review the Financial Risk annually and report to the Finance Committee or Board of Directors together with an action plan to act upon any findings.

References should be made to the Academy's Financial Risk Register and the Academy Financial Handbook

### Financial Control Checklist/ Risk Register

(To be used to review systems of internal control - linked to the Statement of Internal Control)

#### Introduction

This checklist is intended to help Academy's review their level of internal control with a view to assessing the consequences arising from the controls not being in place. It is intended that the checklist will be completed on an annual basis as part of the annual Statement of Internal Control that needs to be signed by the Chief Executive and Federation Principal, Chair of Board of Directors and Chair of Finance Committee.

The expected internal controls have been identified for each of the nominated areas, e.g. Governance. The Academy should indicate whether the internal controls are in place ("Yes" or "No").

For any question which generates a "No" response, action will be required by the Academy to turn the response to a "Yes". **Any action required should be documented in an action plan, and both the weakness and the action plan should be fed into the relevant parts of the Statement of Internal Control before it is presented to the Board of Directors for approval.**

As the financial control checklist should be completed on an annual basis, part of the following year's review should be to confirm the implementation of the previous year's action plan, if applicable.

It is also considered good practice that the system relating to each control is documented. This can then be used as a procedural note for new staff and also made available to help resolve any queries from the Chief Executive and Federation Principal or Chair of Board of Directors in relation to their responsibility for signing off the Statement of Internal Control.



## 1. Governance

### Potential Risks:

1. The Board of Directors have not put in place procedures which allow it to fulfil all its responsibilities in managing the Trust and its finances.
2. The lack of clear direction results in weak governance and reduces accountability and efficiency.
3. The Board of Directors is not seen to be managing the Trust and its finances in a culture of openness.
4. Ultimately poor management could result in suspension of the Board of Directors delegated powers

### Controlling the Risks

- In accordance with legislation the Board of Directors is charged with the responsibility of managing the Trust and its finances.
- For day to day operational matters the Board of Directors (BoD) has determined how it will delegate matters to members of the Academy staff.

	Main Controls	Control in place? Yes/No
1.	The Standing Orders for the BoD and Terms of Reference for all committees have been agreed by the BoD and are reviewed annually.	
2.	The Terms of Reference for the Academy Council Finance Committee include the delegated authority for the Committee.	
3.	All staff with financial responsibilities have access to and an understanding of Financial Regulations, Financial Instructions and Contract Standing Orders	
4.	There is a financial Scheme of Delegation (Chief Executive and Federation Principal & other finance roles) approved and reviewed annually by the BoD.	
5.	The financial scheme of delegation includes the responsibilities and value of delegations to the Chief Executive and Federation Principal and other members of the Academy's staff.	
6.	There are minutes of all meetings of the BoD and its committees that include decisions taken and by whom action is to be taken.	
7.	The frequency for BoD Meetings and its Committees are set out.	
8.	The Terms of Reference for the Finance Committee set out the level and frequency of reports to the BoD on the budget and other targets	
9.	There is a register of pecuniary interests for all Directors and Academy Council members and staff. It is updated at least annually.	
10.	Financial control is maintained in the absence of key personnel.	
11.	Proper accounting records are maintained and retained in accordance with the document retention schedule.	
12.	All accounting records are retained securely and access is controlled.	

13.	The Board of Directors has adopted the "Whistle Blowing" policy, and this has been made available to all staff.	
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## **2. Financial Planning and Budgetary Control**

### **Potential Risks:**

- 1. Failure to plan ahead over several years and target resources to specific priorities reduces effectiveness and levels of improvement.*
- 2. The Trust fails to manage within its available resources. Its delegated budget is at risk.*

### **Controlling the Risks**

- The Trust Development Plan (TDP) and Academy Development Plan (ADPs) will normally cover a period of 1 - 3 years.*
- To ensure that resources are available to meet its objectives there must be clear links to the Trust's Financial Plan (TFP).*
- Budgeting and subsequent monitoring are essential to good financial management.*
- As pupil numbers are integral to both planning and formula funding numbers on roll must also be regularly monitored.*

	Main Controls	Control in place? Yes/No
1.	The TDP/ADP clearly identifies the financial resources required to meet the Trust's educational objectives and these can be linked to the Trust's budget by use of cost centre/ledger codes.	
2.	As approximately 80% of the Trust budget share is based on pupil numbers a close check is kept on current numbers and any projected variations.	
3.	The Terms of Reference for the Finance Committee determine who is responsible for monitoring the budget and how often this is reported to the BoD and Finance Committee.	
4.	Reports are submitted to the BoD in writing and include commitments, outturn forecasts, variations and virements.	
5.	There is a check at least monthly of the accuracy of both income and expenditure recorded on the Trust's Financial Management System.	



### 3. Income

*Risk: There are inadequate controls over income (collection, receipts, cash holding, banking, etc)*

#### Potential Risks

- 1. Trust fails to maximise all potential sources of income.*
- 2. Income due to the Trust is not collected.*
- 3. Monies collected by the Trust are not accounted for and banked in full.*
- 4. Delegated budget and Trust fund records do not ensure that monies are accounted for separately i.e. funds become mixed*
- 5. Cash is not held securely and is vulnerable to loss/theft.*

#### Controlling the Risks

- To maximise income there should be annual review of all potential sources and the charges to be made.*
- Expected income should be recorded by individual source in the Trust's Financial Management System and actual income received monitored against those expectations just as with expenditure.*
- The BoD should be given explanations as to any shortfalls as part of the budget monitoring process.*
- Cash is the most attractive asset and at greatest potential risk from misappropriation.*
- There should be sufficient controls within the cash collection and banking procedures to ensure the interests of the Trust are protected as well as the individuals involved in accounting for it.*
- There should be an audit trail in place which identifies the person responsible for the cash at each stage of collection and banking.*
- Money should be entered into an accounting record as soon as it is received (preferably a receipt book showing whether monies are cash or cheque).*
- There should be evidence of independent checks to ensure it is accounted for in full and banked accordingly.*
- Signatures should be obtained as money passes from one person to another.*
- The accounting records should be reconciled to monies in hand regularly.*
- Money should be banked regularly with an independent person agreeing that all monies per the records have been included.*

	Main Controls	Control in place? Yes/No
1.	There is a charging policy for goods and services that clearly sets out charges, discounts and concessions. The charging policy is reviewed annually by the BoD.	
2.	Financial procedures clearly determine the roles of individual members of staff, providing an adequate level of internal check for all sources of income.	
3.	All staff have been given a copy of the procedures in the Trust for handing monies over to the person responsible for banking	
4.	Invoices are issued within 30 days. The Trust requests all cheques are made payable to the Trust's bank accounts, or direct BACS payments made to the designated account	

	Main Controls	Control in place? Yes/No
5.	A record is taken of all monies at the time it is received. There are separate receipt books/cash received records for delegated budget and voluntary fund.	
6.	All machines that take money are emptied and the cash counted by two people	
7.	Accounting records are updated regularly and reconciled to the monies in hand. Money is banked regularly (at least monthly).	
8.	Receipts and receipt books are held securely in a locked cabinet.	
9.	All cash is held securely in a safe or locked receptacle. Access to the safe is restricted to authorised staff. Cash held is within the insurance limits.	
10.	Income received is not used for the encashment of personal cheques or for other payments. Income is banked promptly and intact.	
11.	The transfer of Trust money is recorded and signed for by both members of staff.	
12.	There is an independent reconciliation on a monthly basis of the income received and income banked. Also there should be independent verification that income is accurately recorded on the Financial Management System.	
13.	Wherever possible money for any lettings or other service is received in advance rather than giving credit by sending an invoice after the event.	
14.	The person reviewing outstanding debts and reporting to the BoD, including write-offs, is not the person collecting payments.	
15.	The Finance Committee receive reports on the levels of income received against the original estimate and details of any arrears.	
16.	Free School Meals are only provided to children who are entitled to them, the Trust holds evidence of their entitlement and checks for continued entitlement.	



#### 4. Expenditure

##### Potential Risks

1. Failure to achieve best value will affect the Trust's continuing viability.
2. Without a formal policy, there is no certainty that suppliers are chosen impartially and on the basis of fair competition. There is an increased risk of fraud.
3. Purchases are made before ensuring they are necessary for the running of the Trust or that there is adequate budget provision.
4. Long term leasing arrangements are entered into that are more expensive than those available with the Local Authority.
5. The Academy does not ensure that the contracts for services such as cleaning, catering and grounds maintenance supplied by external contractors represent Best Value.

##### Controlling the Risks

- It is in the Trust's own interests to ensure that it obtains best value.
- It should regularly review its purchasing policy to ensure that it makes best use of economies of scale.
- The Trust must follow the guidance in the Trust's Financial Procedures Manual when seeking competitive quotations and tenders to ensure arrangements are transparent and fair.

#### 4.1 Purchasing

	Main Controls	Control in place Yes/No?
1.	The Terms of Reference/Framework for Financial Management/ Chief Executives & Federation Principals Delegation Statement includes levels of authority to authorise expenditure and this is in line with the Academy's Financial Procedures Manual. That evidence of prices obtained is retained, including verbal quotes.	
2.	There are written procedures for purchasing that specify: <ul style="list-style-type: none"><li>• when quotations and tenders must be obtained for the discretionary element of Standing Orders Relating to Contracts for The Trust with Delegated Budgets</li><li>• The Trust's Best Value Statement sets out how it intends to achieve value for money.</li></ul>	
3.	Tenders and quotations are obtained in accordance with Standing Orders Relating to Contracts for the Trust With Delegated Budgets and discretionary procedures.	
4.	Where the quotation/tender process has not been followed or the lowest price not accepted, the BoD is always informed of the reason for the decision and it is included in the minutes of the relevant meeting.	
5.	Each contract specification defines the service to be provided in terms of its nature, quality standards, information, monitoring requirements and contract review procedures.	
6.	Proposed revenue expenditure on capital items has been reported to the LA on the Trust's Budget Notification Form and any related advice (or specific consent in relation to building works where the LA owns the Trust premises or the Trust has voluntary controlled status) from the LA has been taken into account.	

## 4.2 Ordering and Receipt of Goods

	Main Controls	Control in place Yes/No?
1.	Prior to placing an order someone ensures that the item/service is necessary and affordable within the Trust's budget. The agreed expenditure code is recorded on the order.	
2.	Official orders are used for the purchase of all goods and services except utilities, rent and rates and emergencies.	
3.	In an emergency where a verbal order is made, it is confirmed immediately by a written order.	
4.	Orders are used only for goods and services provided to the Trust and not for private use by staff.	
5.	All orders (including Repairs & Maintenance) include a full description and agreed price to facilitate accurate checking of deliveries, invoices.	
6.	Orders are certified/authorised in accordance with the Trust scheme of delegation.	
7.	There is a process in place for checking goods received to the original order.	
8.	There is separation of duties between the person authorising the order and the person receiving and checking the goods delivered.	

## 4.3 Invoices

### Potential Risks

1. Payments can be made for goods or services which have not been received or ordered by the Trust.
2. Payments can be made for the wrong amount or duplicated.
3. Late payment of invoices results in Trust being charged interest.

### Controlling the Risks

- It is important that separation of duties is part of the procedure for ordering goods and services and the payment of the subsequent invoice.
- No one person should be able to order, receive and pay for goods and services.
- Before any payment is made there are appropriate checks to ensure the accuracy of the invoice and that it agrees with the order and that the goods and services have been received.
- This should not delay the prompt processing of invoices.
- The person signing to authorise payment of the invoice is sure that it relates to genuine Trust expenditure and has been fully checked for accuracy.

## 4.3 Invoices

	Main Controls	Control in place Yes/No?
1.	Only original invoices are processed for payment once they have been checked for accuracy against the order prices and delivery notes, coded and certified for payment. There are controls over the processing of electronic invoices.	
2.	Payments of invoices are within appropriate time limits.	
3.	The invoice batch header is authorised by the Chief Executive and Federation Principal or authorised signatory and reviewed against the appropriate supporting documentation i.e. order, invoice, delivery	



	note, ensuring invoices are certified for payment in accordance with the scheme of delegation.	
4.	There is a separation of duties between the person authorising the order and the person certifying the invoice.	
5.	All paid invoices are marked in some way to prevent duplicate processing.	
6.	There are procedures in place to ensure invoices are paid within the legally required Prompt Payment period.	
7.	Inventories are updated promptly when assets above £200 in value are purchased.	

#### 4.4 Petty Cash Accounts

##### Potential Risks

1. Petty cash is used to bypass normal payments procedure.
2. Duplicate payments are made through the creditor or payroll systems.
3. Personal cheques are cashed from the petty cash float.
4. A minimal cash float is held and is in a secure place.
5. Bank account becomes overdrawn.

##### Controlling the Risks

- Petty Cash is only available for use in emergencies and for items which would be inappropriate to put through the creditors or payroll systems
- Although amounts involved are relatively small the same principles of accountability apply and no one person should be responsible for all aspects, e.g. authorising and paying out and reconciliation of the bank account.

	Main Controls	Control in place Yes/No?
1.	Adequate security is provided for petty cash, cash floats and cheque books in accordance with the Academy's Financial Procedures Manual.	
2.	The operation of the petty cash account (where one is present) is in accordance with the Academy's Financial Procedures Manual	
3.	Responsibility for the administration of the Petty Cash account has been assigned appropriately.	
4.	The level of the petty cash float held is appropriate to the needs of the Academy.	
5.	The cash float is held securely and access is limited to authorised staff.	
6.	Payments from the Petty cash account are limited to minor items of expenditure.	
7.	All expenditure is supported by a receipt, is signed for by the recipient and countersigned by an authorised member of staff. Full VAT receipts are held for all expenditure claimed.	
8.	The Academy seeks to restrict petty cash expenditure to the limits laid down in the Academy's Financial Procedures Manual, except where exemptions have been allowed (e.g. educational visits). The limits are only exceeded in emergency situations, and when they are exceeded, documented Principals approval is given. Invoices are not split to circumvent these limits.	

	Main Controls	Control in place Yes/No?
9.	The bank mandate includes at least three authorised signatories for the petty cash account and two signatures are required on all cheques. All signatories are current employees of the Academy.	
10.	The Petty cash account is reconciled to the bank statement and accounting records on a monthly basis.	
11.	Claims for reimbursement of the Petty Cash account are made on a regular basis and are authorised by staff with delegated responsibility.	
12.	An independent reconciliation of the Petty Cash account is undertaken on a regular basis (at least termly) by a person other than the account administrator.	
13.	Petty Cash is only used for purchases that are appropriate for the purposes of the Academy. Personal cheques are not cashed from the cash float. No payroll or expense claims are paid from the petty cash account.	



## 5. Assets

### Potential Risks

1. No independent record of assets held within the Trust leading to loss from theft, permanent loan or failure to include in an insurance claim.
2. Failure to include electrical items in health and safety checks.
3. Lack of identification detail reduces chance of recovery.
4. Failure to credit income from sale of asset to delegated budget.
5. Failure to keep a record of loans to staff invalidates insurance requirements of equipment taken off Trust premises.
6. Lack of control over stocks of materials and other consumables results in loss and waste as well as stock being unavailable when needed.

### Controlling the Risks

- Resources are scarce and it is important to ensure that valuable and attractive assets are identified at the time of purchase (however funded) recorded by location and held securely.
- All staff are clear about the items for which they have responsibility in their location.
- A designated member of staff has responsibility for the inventory system.
- This person holds copies of the location inventory, ensures they are up to date and carries out an independent annual check.
- A copy of the inventory is held off-site in case of fire.
- A designated member of staff has overall responsibility for ordering and controlling stocks.
- This includes ensuring stocks are securely held, access is limited, usage is recorded and regular checks are made to ensure stock in hand is reasonable and agrees to stock records.

	Main Controls	Control in place Yes/No?
1.	An inventory record is held and appropriate checks are undertaken in accordance with the Trust's Financial Procedures.	
2.	An up to date inventory is maintained of all assets above £500 or those that are considered to be portable/desirable.	
3.	An annual check is undertaken by an independent officer to ensure the physical items agree to the items listed on the inventory. The inventory is signed and dated to confirm agreement.	
4.	All discrepancies are investigated and any over a specific value are reported to the governing body.	
5.	All property taken off the Trust sites is recorded, signed for and its return recorded. Items are checked upon return to verify that they are not damaged. The record is checked regularly to ensure items are returned. Laptops for teachers and other staff are brought back to the Trust annually for updates/checking.	
6.	All write-offs and the disposal of surplus stocks and equipment are undertaken in accordance with Financial Regulations including the date and method of disposal and authorised by the Academy Principal or COO.	
7.	There is a procedure for the security of premises, it is adequate and reviewed regularly.	
8.	The number of keys in existence to buildings, safes, etc. is limited to the minimum practical and access to them is controlled.	

	Main Controls	Control in place Yes/No?
9.	All keys to safes, cash boxes and other receptacles in which money or valuables are secured are carried on the person of those responsible at all times.	

## 6. Payroll

### Potential Risks

1. The Trust's staffing structure is not financially sustainable within the existing pupil numbers.
2. Payments are made which are not properly authorised.
3. Payroll costs are incorrectly charged to the Trust.

### Controlling the Risks

- Staffing costs, teaching and non-teaching, account for the majority of the Academy's budget allocation and it is important that the continuing effects of the staffing structure and any changes are only made in the knowledge that they will be affordable based on budget and pupil projections.
- It is important that any delegated responsibility for dealing with staffing issues is clear to all concerned, particularly the delegated authority that has been given to make payroll changes, and the Trust should ensure that all payroll costs relate to their Trust.
- There is an annual staffing review.
- All changes to pay are agreed by the BoD and minuted accordingly.

	Main Controls	Control in place Yes/No?
1.	There is a formal recruitment procedure in place that includes processes to: <ul style="list-style-type: none"> <li>• follow up any gaps and inconsistencies in applications forms</li> <li>• follow up references and Criminal Records Bureau (CRB) checks</li> <li>• administer appointments, termination of employment, variations to pay and expenses on a timely basis.</li> </ul> Procedures are updated regularly.	
2.	The duties of authorising appointments, changes to pay, terminating employment and maintaining organisation structure changes are allocated according to the scheme of delegation and are separated from the duties of processing claims.	
3.	As part of the annual budget setting process there is a review of the staffing structure and its affordability. The outcome is considered by the BoD and minuted accordingly.	
4.	There is a written code of conduct that has been issued to all staff.	
5.	Only authorised members of staff have access to personnel files.	
6.	Payroll transactions are processed only through the payroll system.	
7.	The Chief Executive & Federation Principal maintains a list of all staff, it is updated regularly to reflect starters and leavers and is checked under DCSF guidelines and (at least six monthly) to reports on payroll transactions to ensure they match.	
8.	Sickness and absence reports are regularly reviewed by the Staffing Committee or BoD to determine whether any action is warranted.	



9.	Expenses claims are submitted promptly at the beginning of each month by payroll deadlines.	
10.	Supply claims are countersigned by an authorised officer.	
11.	Supply claims are recorded and checked against the charge made to the Academy.	

## 7. Insurance

### Potential Risks

1. The Trust has opted to make its own arrangements for insurance related matters and as a result there is a shortfall in effective cover.
2. The Trust has risks outside the present level of cover provided by the Local Authority.

### Controlling the Risks.

- Adequate insurance must be in place to provide the Academy with assurance that its continued viability will not be put in doubt in the event of an unexpected loss or occurrence.
- The Academy should review its insurance requirements annually and decide how best to provide the commensurate level of cover to the risks involved.

	Main Controls	Control in place Yes/No?
1.	In conjunction with the Trust the Academies review all risks annually to ensure that sums insured are commensurate with the risks.	
2.	The BoD has considered the need to insure risks not covered by the Trust	
3.	The Academy notifies the Trust immediately of all new risks, property, equipment and vehicles that require insurance or where it affects existing insurance.	
4.	The Academy notifies the Trust and insurers immediately of all accidents, losses or incidents that may give rise to an insurance claim.	

## 8. Private Funds

### Potential Risks

1. Levels of accountability and stewardship are not of the same standard as for the delegated budget.
2. Delegated budget income is credited to the voluntary fund.
3. There is a lack of internal check/division of duties between the delegated budget and voluntary fund monies.
4. The level and number of cash transactions increases the risk of error and loss.
5. Failure to check profitability levels on tuck shop sales can result in loss.
6. There is no independent review to ensure that income received is at least sufficient to cover payments made for individual Academy trips.
7. Failure to comply with Charity Commission Requirements.

### Controlling the Risks.

- *The BoD are the Trustees of the Trust Fund and must ensure all monies are properly accounted for and spent appropriately.*
- *The level of financial control and the procedures are no less stringent than for the Academy's delegated budget.*
- *Separation of duties is in place and because of the volume of cash transactions there are regular independent reconciliations of the monies in hand, accounting records and bank account.*

	Main Controls	Control in place Yes/No?
1.	The operation of the voluntary fund is in accordance with the Academy's Financial Procedures Manual	
2.	All voluntary funds have been declared and there is a constitution for the fund. Each unofficial fund is in an appropriate name (e.g. "name of Academy fund") and not in the name of individual members of staff.	
3.	Transactions on voluntary funds are accounted for separately from the Academy's delegated budget.	
4.	Voluntary funds have a separate bank account.	
5.	Two signatures are required on each cheque (or for withdrawals from accounts)	
6.	The voluntary fund is independently audited on an annual basis and the audited accounts are presented to the BoD within 10 months of the accounting year end.	
7.	A copy of the audited accounts approved by the BoD is kept at the Academy and presented to Internal Audit upon request.	
8.	The same standards of financial accounting are applied to the income and expenditure of the voluntary fund as to the Academy's delegated budget.	
9.	No income that relates to the Academy's delegated budget has been credited to the voluntary fund.	
10.	Regular reconciliation of the accounting records and bank statements is undertaken and there is an independent review.	
11.	Where required, the fund is registered with the Charity Commission and if registered, returns and accounts have been filed with the Charity Commission as required.	
12.	Income received is not used for the encashment of personal cheques or for other payments. Income is banked promptly and intact.	

## **9. Data Security**

### Potential Risks

1. *The present arrangements do not limit access to data to designated members of staff.*
2. *There is no virus protection to prevent file corruption.*
3. *Files may be lost because of inadequate back-up and security arrangements.*
4. *Failure to notify the Data Protection Commissioner in accordance with DP Act 2018.*
5. *Use of unlicensed software resulting in a fine.*

### Controlling the Risks.

- *The BoD has a duty to ensure compliance with the Data Protection Act. They are also responsible for the proper use of software used in Academy and must have procedures in place to ensure only licensed software is used.*
- *For confidential information, access must be restricted by password to authorised users according to their individual needs.*
- *Replacing lost information and files is also expensive and again the Academy needs to have adequate arrangements in place to ensure its safekeeping – preferably off Academy premises.*
- *Staff should be made aware of the dangers of introducing viruses to the system and procedures should be in place to prevent this.*

	Main Controls	Control in place? Yes/No
•	Access to the computer and the data contained within it is limited to designated personnel using passwords.	
•	The confidentiality of any personal information held is in line with the Data Protection Act 2018 and the Information Commissioner notified accordingly.	
•	Academy has bought into a Remote Back-Up Service or regular back-up copies are taken to allow rebuilding of systems. One complete back-up is held off-site to safeguard against loss through fire.	
•	Users are aware of the need to protect the various computer systems against viruses by not using their own software.	
•	The system has a built in system for protection against viruses.	
•	Licences are held for all software applications.	
•	The inventory gives full details of serial numbers in the event of total loss or theft of expensive parts of the equipment.	
•	The Academy has a staff Internet User Policy which has been approved by the BoD and signed by all staff.	

## **APPENDIX 10 - VAT - Sports facilities and physical recreation**

### **5.1 The basic VAT position**

If you let facilities for playing any sport or for taking part in any physical recreation your supply is normally standard-rated. But, if the let is for over 24 hours or is for a series of sessions your supply may be exempt. Please see paragraph 5.3 and 5.4 for more details.

### **5.2 What is a sports facility?**

Premises are sports facilities if they are designed or adapted for playing any sport or taking part in any physical recreation, such as swimming pools, football pitches, dance studios and skating rinks. Each court or pitch (or lane in the case of bowling alley, curling rink or swimming pool) is a separate sports facility

### **5.3 Lets for over 24 hours.**

If you make a single let of sports and physical recreation facilities for a continuous period of over 24 hours to the same person your supply is exempt, unless you have opted to tax. However, the person to whom you let the facilities must have exclusive control of them throughout the letting period.

### **5.4 Lets for a series of sessions**

If you let out sports and physical recreation facilities for a series of sessions your supply is exempt (unless you have opted to tax) when you meet all the following conditions:

#### **Step Condition**

1. the series consists of ten or more sessions
2. each session is for the same sport or activity.
3. each session is in the same place, although a different pitch, court or lane, or different number of pitches, courts or lanes is acceptable.
4. the interval between each session is at least 1 day but not more than 14 days. The duration of the sessions may be varied, however there is no exception for intervals greater than 14 days through the closure of the facility for any reason.
5. the series is to be paid for as a whole and there is written evidence to the fact. This must include evidence that payment is to be made in full whether or not the right to use the facility for any specific session is actually exercised. Provision for a refund given by the provider in the event of the unforeseen non-availability of their facility would not affect this condition.
6. the facilities are let out to a school, club, association or an organisation representing affiliated clubs or constituent associations, such as a local league.
7. the person to whom the facilities are let has exclusive use of them during the sessions.



## **APPENDIX 11 - Bad debt procedure**

Invoices are raised before the letting takes place. Wherever possible payments are obtained in advance of or immediately after the service have been provided. However, this is no later than 30 days after the event.

Outstanding debts are regularly monitored and necessary steps taken for their recovery in order to minimise the level of bad debt. It is the Academy's procedure to send a reminder if a debtor has not paid within 30 days of invoice. If the debt still remains outstanding after a further 14 days from the date of the reminder then a formal letter is sent to the debtor. The letter will state that the debtor will no longer have access to the facilities and that the debt may be referred for legal action. The Academy will take legal action if the debt is over 60 days old.

In the event that a debt is not recoverable then a write-off form will be completed, clearly stating the reason for the write off and the procedures which have been undertaken for the recovery of the debt. The Principal approves write offs up to the value of £100.00. Amounts over this sum are referred to the Finance Committee for approval and all write-offs advised to the Finance Committee.

The Board of Directors approves write off above £500.

APPENDIX 12 - WRITE OFF OF DEBT- RECOMMENDATION SHEET

DEBTOR	AMOUNT	DEBT TYPE	REASON FOR NON-RECOVERY	SIGNATURE

Signature

Print Name

Date



## **APPENDIX 13 - Depreciation**

Depreciation rates have been agreed with Landau Baker the Trusts Auditors:

- Land – not depreciated
- Buildings – 2% per annum straight line (useful life 50 years)
- Computer and other equipment – (useful life 3 – 5 years)
- Furniture and fittings – 5-10% per annum reducing balance (value estimated to reduce by 10% each year)
- Outdoor play equipment – 10% - 15% per annum
- Motor Vehicles – 25% per annum reducing balance (value estimated to reduce by 25% each year)

## APPENDIX 14 - Statement of Internal Control

The Board of Directors will annually review and authorise the Statement of Internal Control. This will be reviewed at the same time as the Risk register

Statement of Internal (SIC) Control Guide, Specimen & Pre-Certification Checklist for Directors

**IMPORTANT** – The statement must be updated and signed and submitted with the annual December return to the ESFA. Therefore the Trust will have, at any given point in time, a Statement of Internal Control that has been signed within the previous 12 calendar months.

The SIC should reflect the full 12 month period in arrears. This means that if, for example, the SIC reflects the full 12 month period from 1<sup>st</sup> September 2019 to 31<sup>st</sup> August 2020 but is not signed by the Trust until December annually then the statement will make clear that it includes the period up to the time of signing. The text in the Statement has been revised to clarify this requirement.

### 1 Introduction

1.1 Statements of Internal Control (SIC) have been introduced in large sections of both the public and private sectors as part of a move to more effective corporate governance arrangements. Typically, the SIC forms part of a set of documents relating to a financial year's activities that also includes an annual report, financial statements and an external auditor's report. In essence, the annual report and financial statements describe the operational and financial outcomes for a particular financial year. The statement of internal control acknowledges the entity's responsibilities for the system of internal control from which those operational and financial outcomes are derived. It is also used to highlight any known problems with that system so that the reader can take these into account when considering the outcomes. The external auditor's report provides further comfort by confirming whether the financial statements present a true and fair view (or present fairly) those financial outcomes.

1.2 Academies are responsible for significant amounts of public expenditure and receive Dedicated Academy's Grant from the ESFA. Thus, as part of the chain of accountability for their public funds it is logical that Academy's should be required to prepare statements of internal control.

1.3 The statement set out in this guide is similar in concept to those used in both local authorities and in central government but has been simplified for use in Academy's to reflect the comparatively smaller scale of financial activity and consequently the financial expertise available. The SIC is primarily a factual statement setting out the processes that are in place to ensure effective financial management of the Academy and its resources. Discussion of the draft SIC by the Board, and its ultimate signature by the Chief Executive and Federation Principal and key Directors, demonstrates that they acknowledge responsibility for financial management of the Academy Trust and take that responsibility seriously.

The SIC requires a view to be taken on whether the signatories *"are satisfied that the internal control systems in operation at the Academy during the year were adequate and effective"*. While

this may seem onerous, it should not require much additional work at all as the basis upon which it is signed is explained and the assurance to be given is “reasonable” and not “absolute”. The first is dealt with by describing processes and reviews which should be part of normal Academy operations and represent the good practice required by the Academy Financial Handbook. The second recognises that statements of this type can never give “absolute” assurance as internal control systems, no matter how sophisticated, can never prevent or detect all errors or irregularities. For example, if key staff were really determined to collude improperly and engage in fraudulent practice, they could get around most internal control systems.

## **2 Transparency**

2.1 The SIC will be included in the annual accounts providing assurance that the funds managed by an Academy Trust have been properly controlled and accounted for.

2.2 Furthermore, making this statement available to parents who request it serves to show that the Academy’s financial management is open and transparent.

## **3 The Format of the Statement**

3.1 The SIC is designed to be brief, but informative. The specimen statement is shown at Appendix 1 and contains five paragraphs:

- Paragraph 1 explains the Board of Directors responsibilities. To achieve ESFA requirements, each Academy will be expected to use the wording given in the specimen statement (Appendix 1).
- Paragraph 2 explains the limitations of control systems. This wording is important because it aims to make it clear to the reader that “absolute” assurance cannot be given and is not expected. To achieve the ESFA compliance, the Trust will be expected to use the wording given in the specimen statement (Appendix 1).
- Paragraph 3 explains how the Board of Directors has satisfied itself that controls are adequate before its representative agrees to sign the statement. To achieve ESFA requirements, the Trust will be expected to use the wording given in the specimen statement (Appendix 1) as a minimum. It may be that the Board of Directors has carried out additional steps and may wish to add those to this paragraph of the SIC.
- Paragraph 4 states that the Board of Directors is satisfied that internal controls at the Academy Trust were adequate during the year, assuming this to be the case. If the Board of Directors are not satisfied about the adequacy of key internal controls, they should list briefly any serious / high priority control weaknesses.
- Paragraph 5 is where planned action to improve the control system is disclosed. Such disclosure is normally only needed if Directors have expressed in paragraph 4 concern about the adequacy of any of the controls.

3.2 The specimen statement is attached as Appendix 1 and can be tailored for Academy use, subject to the minimum wording requirements previously clarified.

#### 4 Deciding Whether to Disclose a Weakness at Paragraph Four

4.1 When deciding whether or not to disclose that a particular control is inadequate, Directors should take into account all the relevant information available to them, and also consider:

- how likely is the risk, i.e. to what extent the inadequacy of the control(s) puts the Academy Trust at risk
- the likely impact of the risk on the Academy Trust if it occurred, for example on the Academy's financial position, ability to function, reputation etc.
- the cost of any action needed to reduce the level of risk posed
- whether this cost is justified and proportionate given the risk perceived.

4.2 Figure 1 on the next page illustrates the dynamic relationship between the likelihood of a risk occurring and its potential impact. Internal auditors commonly use such an approach to assess how critical their audit findings are. However, some caution is needed as their terminology varies (some using only three categories of priority or risk, i.e. high, medium and low, while others may use four or five categories), hence the period within which corrective action is to be taken has also been included in the figure below to help ensure consistency. Principals and Academy Directors may, therefore, wish to rank the control weaknesses they or an internal auditor have identified in terms of gravity of the risk they pose to the Academy.

4.3 A note of caution is necessary. A matrix such as Figure 1 cannot substitute for the use of informed judgement, by experienced professionals, about the importance of a particular control weakness. Therefore, if the Academy is uncertain about the gravity of a particular weakness in the control system it should first involve the relevant staff at the Academy in a discussion about the weakness, and if uncertainty remains it should contact the appointed external auditors for advice.

Likelihood of risk arising from the weakness	Degree of Impact		
	Minimal	Moderate	Significant
Likely	Low/Medium Priority <sup>6</sup>	High Priority	Very High Priority
	Address within three to six months.	Address urgently <sup>2</sup>	Address immediately
	Do not disclose in SIC	Normally disclose in SIC	Always disclose in SIC

<sup>6</sup> Whether it is a medium or low depends on specific details such as the volume of activity affected by the weakness. High volume areas would probably be assessed as medium because of the accumulation effect of many small errors. Low volume areas would probably be considered a low priority.

Possible	Very Low Priority	Medium Priority	High Priority Address urgently <sup>7</sup>
	Address within nine months.	Address within three months.	Address urgently
	Do not disclose in SIC	Only disclose in SIC if it is thought particularly useful to do so	Normally disclose in SIC
Unlikely	Not a Priority	Low Priority	Medium Priority
	Only address if cost effective and if not prepared to accept the low risk	Address within six months.	Address within three months.
	Ignore	Do not disclose in SIC	Seldom disclose in SIC

## 5 Deciding Whether to Sign the Statement of Internal Control

5.1 The Board of Directors should only sign the SIC when it feels it can do so with confidence, having studied all the available evidence. Directors should be able to derive much of the evidence they need from:

- their own monitoring of financial management and regular scrutiny of financial reports;
- their regular meetings with the CEO, COO and Senior Finance Manager and other staff;
- the most recent report on the Academy's finances by the appointed external auditor; and
- annual self-evaluation of the internal control system (for the significant systems not commented on recently by internal audit).

5.2 In addition, members of the Board of Directors should have used the *Pre-certification Guidance Checklist for Directors* attached at Appendix 2 before they authorise their representative to sign the SIC. If the Directors answer "Yes" to all questions they should be able to sign the statement without the need to tailor paragraph 4 to accommodate their concerns about any of the controls, or to add a fifth paragraph to say how these might be addressed. If they answer "No" to any question, they should consider the implications of such a response, and these are explained in the checklist.

5.3 The specimen statement is available as a Word document to be tailored for Academy use, subject to the minimum wording requirements previously clarified

## 6 Possible Sources of Self-Evaluation Checklists for internal control systems

6.1 Three good sources are:

<sup>7</sup> Urgent implies action within weeks rather than months. Please note that all the time periods indicated in figure 1 are purely illustrative and aim to show the relative urgency of different weaknesses. Actual implementation plans will need to be locally determined taking account of all relevant known factors.

- *Keeping Your Balance* by the Audit Commission – Revised October 2000, which contains a checklist of internal controls for well-controlled Academies
- *Controlling Academy Finances* – a self-evaluation tool, available on the Audit Commission's web site. This is closely related to the checklist in *Keeping Your Balance* referred to above but is interactive and offers some examples of good practice



## A Specimen Statement of Internal Control for the Trust

1 This statement relates to the Internal controls for The Park Federation Academy Trust for the 12 months from *(date. . . .)* to *(date . . . .)*, up to and including the signature date below. The Board of Directors are responsible for ensuring that the Multi Academy Trust:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the Academy, have been drawn up in accordance with the ESFA guidelines, and will enable it to prepare an annual income and expenditure statement that complies with ESFA guidelines
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the Academy and ensure they are used cost effectively

2 The system of internal control has been developed and is coordinated by the Chief Executive and Federation Principal. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly

3 Our review of the effectiveness of the systems of internal control is informed by:

- our regular scrutiny of financial and other performance monitoring data linked to the risk register
- regular reports from the Chief Executive and Federation Principal and other managers to the Board of Directors
- the most recent report of the Trust's external auditor dated *(insert date of last report)*
- our most recent self-evaluation of the internal controls undertaken *(insert date)*

4 We are, therefore, satisfied that the internal control systems in operation at the Trust during the year, up to and including the signature date below, were adequate and effective *(except for:*

- *List any notable weaknesses here i.e. those rated as requiring remedial action as a high priority)*

5 We propose over the coming year to take the following steps to address the weaknesses noted above. *(This paragraph should provide either brief details of the action taken, or proposed, to rectify weaknesses in the system of internal control, or a short explanation of why corrective action has not been considered necessary).*

By order of the Board of Directors of The Park Federation Academy Trust

(Signed)\_\_\_\_\_Dated \_\_\_\_\_  
(Chief Executive and Federation Principal)

(Signed)\_\_\_\_\_Dated \_\_\_\_\_  
(Chair of Board of Directors)

(Signed)\_\_\_\_\_Dated \_\_\_\_\_  
(Director of Board with Financial responsibilities)

**Note: The sections in brackets and (Bold / italics) need tailoring to reflect particular circumstances.**

## Statement of Internal Control - Pre-Certification Checklist for Directors

The issues for Directors and the Chief Executive and Federation Principal to consider before authorising their representatives to sign the SIC fall into two categories:-

- Specific actions and more general control processes that should have occurred during the financial year in question; and
- Specific actions needed after the year end when the ESFA GAG final Return is available.

The questions are split into these two categories for ease of consideration. That consideration is probably best achieved as a group, perhaps at the committee meeting that approves the GAG Return, and needs to be formally recorded. The questions are structured so that:-

- A “yes” answer to every question would allow the SIC to be signed without any amendment; and
- A “no” answer to any question will require either further action or explanation in the SIC.

Controls that should have operated during the financial year		
Question	Agreed Yes or No	Implication of the Answer
Did we set the Trust budget in line with the priorities detailed in the Academy development plan either before the beginning of the financial year (1 <sup>ST</sup> September) or as soon as possible thereafter?		If <i>yes</i> , no action. If <i>no</i> , paragraph 4 should disclose this weakness. Paragraph 5 should explain the steps being taken to ensure next year’s budget is set on time and reflects the Academy’s priorities.
Did we see regular reports on the Trust/Academy’s financial position during the year, did the Chief Executive and Federation Principal and Chief Operating Officer, Senior Finance Manager (or equivalent) answer all the questions raised with them and were we satisfied that materially accurate records have been maintained throughout the year? (Regular in this context would refer to termly reports as a minimum and possibly more frequent in larger Academy’s.)		If <i>yes</i> , no action.  If <i>no</i> , paragraph 4 should disclose the inadequate base financial records as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.
Did we take appropriate action on all significant matters raised in reports from the internal auditor?		If <i>yes</i> , no action. If <i>no</i> , ensure this decision is justified. If, after reflection, it is considered that some action needs to be taken, describe this briefly in paragraph 5.
Did we review the risk register and take appropriate steps to manage the risks		If <i>yes</i> , no action.



identified, including the introduction of internal controls and/or external insurance cover where required?		If <i>no</i> , the need to conduct a comprehensive risk assessment should be noted in paragraph 4. Paragraph 5 should explain the steps being taken.
<b>Question</b>	<b>Agreed Yes or No</b>	<b>Implication of the Answer</b>
<b>Control activities required after the end of the financial year</b>		
<p>Has the Chief Executive and Federation Principal confirmed that he has seen a reconciliation of the Trusts base financial records with the latest GAG Return and Financial Summary that shows they are:</p> <ul style="list-style-type: none"> <li>a complete record of the Trust's transactions for the year and that the two documents are consistent with each other?</li> <li>based on financial records that have met the requirements of the ESFA?</li> </ul>		<p>If <i>yes</i>, no action.</p> <p>If <i>no</i>, to the first question, make arrangements for the Head Teacher to complete/review the reconciliation before the SIC is signed and published.</p> <p>If <i>no</i> to the second question, the non-compliance should be noted at paragraph 4 as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.</p>
<p>Have we received a report from the external auditor giving us assurance that the systems of internal financial control operated satisfactorily during the year?</p> <p><b>OR</b></p> <p>Have we undertaken a thorough self-evaluation of the internal control systems in operation during the year and did not find any weaknesses that needed to be addressed as a high priority?</p>		<p>If <i>yes</i> to either question, no action.</p> <p>If <i>no</i> to both questions, either:</p> <ul style="list-style-type: none"> <li>delay signing the statement until you have received the report or undertaken the self-evaluation</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>if the report or the self-evaluation has identified weaknesses that need to be addressed as a high priority, list them at paragraph 4 and briefly explain in paragraph 5 the action planned to rectify them.</li> </ul>
Are we confident that there are no significant litigation, liabilities or commitments that have arisen after the year-end, and are not referred to or accounted for in the published financial summaries?		<p>If <i>yes</i>, no action.</p> <p>If <i>no</i>, consider if the accounts need adjusting in order to be complete, or whether a Contingent Liability or Gain disclosure note should be added</p>
Have we been advised that there has been no actual or potential non-compliance with laws, regulations and		If <i>yes</i> , no action.

codes of practice that could reduce the Academy's ability to meet its objectives or cause the Academy to incur a financial loss, and is this supported by our own knowledge of the Academy and its activities?		If <i>no</i> , add the appropriate disclosure notes to the income and expenditure account before it is signed and published.
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#### Notes:

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- The completed internal controls self-evaluation should be copied to the external auditors and ESFA to inform its risk assessment and audit planning processes.
- ☐ The self-evaluation review may not necessarily have been undertaken by all of those signing the SIC, and performing compliance tests of the operational effectiveness of the controls goes beyond the role of Directors. **What is important is for the review to inform whether reasonable assurances can be given.**

#### Budget Planning

The Park Federation Academy Trust requires a formal and secure system for financial budgeting and control. References to the ESFA Academy Handbook helps direct the manner in which this system must be operated and the principles outlined in this paper, together with the financial arrangements addressed in later documents of these financial procedures, ensure this. The purpose of these procedures is to control expenditure, prioritise available resources and detail financial accountability. Financial responsibilities of the Board and Academy staff are clearly defined and staff capability and training should be matched to responsibilities. Additionally, authority and supervision levels will be outlined. The procedures also will detail effective and secure financial systems and arrange for their proper documentation.

These procedures are for internal use at The Park Federation Academy Trust only and are designed to fulfil the Financial Management Standards requirements.

#### The Budget:

The budgetary planning process consists of four phases:

- planning
- budgeting
- monitoring
- review

Careful planning will ensure of realistically-determined budgets will provide an accurate indicator of the Academy's economic health. Success in meeting budget aims can be achieved only if care has been taken in the determination of policies and expenditure is controlled strictly throughout

the budget lifespan. These operating budgets must be prepared within the context of a long term (three year) plan which must specify the objectives of the Academy over several years as agreed to in the Academy Development Plan (SDP). A continuous review of the aims and priorities of the plan should follow from monitoring and analysis of performance. Responsibility for control of budgetary affairs ranges from the Chairman of the Board through the Chief Executive and Federation Principal, the Senior Management Team (SMT) and the Chief Operating Officer to colleagues directly concerned in the classroom or in supporting roles.

### **Budget Planning:**

The size of the Academy Trust and the wish to retain wide representation suggests the separation of the budget into distinct and manageable categories. The expenditure at the Academy Trust falls into four categories and this system has been adopted. The budget categories are:

- staff costs
- educationally-directed costs
- administrative managements costs
- fabric management costs including Capital expenditure

The Chief Operating Officer and the Chief Executive and Federation Principal will produce a provisional, consolidated annual budget. This provisional budget will be accurate only if any individual inputs by committees or budget holders have been considered fully and the Chief Operating Officer has full confidence that the component parts represent a full and fair reflection of needs. After recommendation to and endorsement by the Finance and Operations Committee of the Board, the provisional budget will go forward as the suggested budget for authorisation by the full Board of Directors when it will become the authorised budget. The Budget Managers will be advised of their capitation level and will control expenditure in their respective categories of the authorised budget.

Budget planning will be in line with GAG reporting.

From: Dr Martin Young

To: Department Budget Holder/ Fund manager

Date:

Please note that your capitation allocation this financial year is £.....

You are permitted to use these funds to supply resources as required for your department.

To order goods and services:

Raise preliminary order (to be signed by HoD).

The preliminary order should be handed to the Chief Operating Officer who will raise an official purchase order and either fax/email or post the order to the supplier. Any orders raised will show on your monthly print out as a commitment to your department. You will be given a copy of the order for your records.

On arrival of the goods, any delivery note will be retained by the finance office and your department will be asked either to collect the goods from the delivery bay, or arrangements will be made for the site staff to deliver to you.

On receipt of the invoice, the finance office will tie up the invoice with the order/delivery note and you will be asked to sign the invoice as proof you are satisfied with the goods/service and you are happy for the Academy to pay the charges. The commitment will then be reduced on your cost report and the item will be shown as paid.

At no time will your cost centre be allowed to go 'overdrawn' without the express permission of the Chief Executive or Academy Principal. Processes to bid for additional funds have been explained to you and will be considered if they relate to your department development plan, or are a requirement to meet the Academy Development Plan (ADP).

### **Budget Monitoring**

There is an obligation for the Academy Trust to account for the use of available funds. This process will be enhanced by the use of regular Budget Monitoring. The current accounting system will produce a series of templates which reach the minimum standards laid down by the Trust. The forms include an analysis of the differences between the planned income and expenditure and what actually happened, as well as projecting what will happen by the end of the financial year. Accurate profiling of budget lines aids the reporting system to reflect the accurate financial position of the Academy throughout the year.

Together with the main reporting sheet, which is to be returned to the ESFA by the date set in the financial calendar, there is a Balance Control Mechanism which helps to ascertain and monitor use of reserved funds. Any major variances should be reported on as laid down by the ESFA guidelines.

Internal monitoring of expenditure will be carried out monthly by the production of cost reports for each cost centre. The report will be sent to the budget holder with (where necessary) an explanation of the transactions. The budget holders will have the opportunity to query any transaction. In addition, the budget holder will have the ability to 'spend' up to limits imposed by the Trust (usually 90% spend limit up to December). Budget holders will be advised to complete all transactions and spend up to the limit by June half term annually.

A projected salary spreadsheet will be regularly reviewed and updated to reflect changes in personnel and therefore support any variance to original budgeted costs.

Internal monitoring of income and expenditure will be carried out monthly.

Regular checks on banking records checked back to receipts will be carried out by the Academy Principal, COO or CEO.

### **Cash Flow Projection**

In order to ensure financial stability, a budgeted and actual cash flow statement will be required for each financial period, where an academy has liquidity balances that are below the reserves levels set by the Board. In the event that this shows an area of concern the Board will be advised immediately and an action plan introduced to rectify the situation.