THE HOWARD
Academy Trust

FINANCIAL POLICY AND PROCEDURES

Document Management Information

Applicable to:	All staff in all Academies and Central Support Services including individuals employed by the Trust. All Local Academy Board Governors. All Directors and Members.
Dissemination:	The policy will be available to staff via the Trust's Policy Centre and website
Training:	Relevant training on this policy is provided to: • The Central Finance Team • Budget Holders • SLT • Directors All other staff, Members, Directors and Governors should take time to familiarise themselves with this policy. Training is available on request.
Review Frequency:	The policy will be reviewed annually. The policy will be reviewed earlier if needed in the light of new evidence, legislation and guidance.
Policy Author:	Angel Topping – Interim CFO
Executive Policy Owner:	Kyle Taylor - Interim- Chief Executive
Approval by:	Level 1 – Board of Directors
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Revision History

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0.1	Draft document	August 2021
0.2	Final Draft submitted to the Board for Approval	September 2021
1.1	Updated November 2023	November 2023
1.2	Updated to reflect changes to team structure and requirement amendments to policy and procedures	July 2023
1.3	Updated procurement/ tender thresholds for premises related capital works	Dec 2023
1.4	Updates to reflect changes in structure and procedures	July 2024

2.0	Full update of the policy to modernise and enhance clarity	July 2025
3.0	Minor updates	July 2026

1. CONTENTS

FINANCE POLICY & PROCEDURES

1. Introduction

This policy ensures The Howard Academy Trust maintains effective financial controls in line with the requirements of the Academy Trust Handbook and its Funding Agreement with the Department for Education. It outlines key accounting procedures and must be followed by all Members, Trustees/ Directors, Governors and Staff involved in financial matters.

Compliance is mandatory. Any breaches must be reported to the CFOO or Accounting Officer (Chief Executive). All relevant staff receive appropriate financial training, and training records are maintained. Staff are also made aware of the Trust's whistleblowing policy, and any suspected financial irregularities will be reported to the DfE.

2. Principals

The Board of Directors will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life.

3. Organisation and responsibilities

The Trust has defined the responsibilities of each role involved in the administration of the Trusts finances to avoid the duplication or omission of functions and provide a framework of accountability for governors and staff.

The main responsibilities of the Trust are prescribed in the Funding Agreements with the DFE. The key responsibilities include:

- Ensuring that grants from the DFE are used only for the purposes intended
- Approval of the annual budget
- Balancing its budget from year to year
- Production of an Annual Report and Accounts
- Appointment of auditors
- Appointment of a Chief Executive (as Accounting Officer)
- Appointment of the Chief Financial Officer in conjunction with the Chief Executive
- Ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, governors and staff. The Trust Board and the Finance, Audit and Resources Committee have responsibilities relating to the Academy finances.

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust's finances.

3.1 Board of Directors/ Trustees

The Board holds overall responsibility for the financial governance and management of the Trust. Its duties are defined by the Companies Act 2006, the Academy Trust Handbook, the Trust's Articles of Association, and the Funding Agreement with the Department for Education (DfE).

Key responsibilities include:

- **Strategic Oversight**
  - Approve the Trust's long-term financial strategy and balanced annual budget, including the Budget Forecast Return and any material changes.
  - Ensure a current and effective Scheme of Delegation is in place.
  - Oversee cumulative reserves and long-term financial sustainability.
- **Compliance and Accountability**
  - Ensure that DfE and other grant funding is used only for intended purposes.
  - Approve the Annual Report and Financial Statements in line with the Academies Accounts Direction and Charity SORP.
  - Ensure accurate accounting records and budget monitoring statements are maintained.
  - Ensure strong financial controls, propriety, regularity, and value for money.
- **Governance and Assurance**
  - Appoint the Chief Executive (Accounting Officer) and Chief Finance and Operations Officer (CFOO).
  - Oversee internal and external audit arrangements and receive all audit reports.
  - Ratify key financial, risk, and compliance policies.
  - Review regular management accounts, performance reports, and risk registers.
  - Benchmark financial performance against similar organisations.
- **Transparency and Ethical Standards**
  - Uphold the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership.
  - Manage and declare conflicts of interest and maintain a public Register of Interests.

The Board may delegate functions to its Finance, Audit and Risk Committee but retains overall accountability. These responsibilities are evidenced through minutes, audit findings, management reporting and governance documentation.

3.2 Finance, Audit & Resources (FAR) Committee

The FAR committee supports the Board by overseeing financial management, audit assurance, and internal controls. It ensures effective use of public funds, strong risk management, and compliance with statutory requirements.

Key Responsibilities:

- **Budget and Financial Monitoring**
  - Review and recommend the annual budget.
  - Monitor actual income and expenditure against budget and report significant variances.
  - Ensure financial reporting is accurate and timely.
- **Audit and Accounts**
  - Ensure the annual accounts comply with the Companies Act, Academy Trust Handbook, and DfE guidance.
  - Oversee internal and external audit arrangements, including appointment, scope, and review of findings.

    - Receive and monitor reports and the annual summary of Internal Scrutiny (IS) from the IS provider and Responsible Officer.
- **Internal Control and Risk**
    - Review and monitor the effectiveness of internal financial controls and systems.
    - Maintain and oversee the Trust's risk register and internal scrutiny programme.
    - Ensure audit findings are acted upon.
- **Procurement and Contracts**
    - Approve contract awards within delegated limits (as per this policy) and ensure value for money across all procurement.
- **Policy and Compliance**
    - Review and recommend key financial policies
    - Ensure adherence to the Academy Trust Handbook, DfE guidance, and relevant legislation.

Reporting
FAR provides regular assurance to the Board and informs the Governance Statement and Accounting Officer's Statement on Regularity and Compliance.

3.3 Chief Executive- Accounting Officer
The Chief Executive is the Trust's Accounting Officer and is personally accountable to Parliament and the DFE for the regularity, propriety, and value for money in the use of public funds.

Key Responsibilities:
- Ensuring compliance with the Academy Trust Handbook, Funding Agreement, and Articles of Association.
- Providing strategic financial oversight, including initial budget review and approval before Board submission.
- Overseeing the preparation and accuracy of financial reporting, including monthly management accounts.
- Ensuring that proper financial controls are in place and adhered to, including segregation of duties and risk management.
- Preventing loss or misuse of Trust funds and ensuring resources are used efficiently and economically.
- Maintaining oversight of internal audit processes, the fixed asset register, and financial KPIs.
- Signing the annual Statement on Regularity, Propriety and Compliance and ensuring the Governance Statement demonstrates value for money.
- Advising the Board in writing if any action under consideration breaches statutory or regulatory obligations.

The Chief Executive delegates operational financial management to the CFOO, while retaining ultimate responsibility for oversight and assurance.

3.4 Role of The Chief Finance and Operations Officer (CFOO)
The CFOO is a CCAB qualified accountant and a fellow of ACCA, he is the Trust's lead financial professional, responsible for managing the financial position of the Trust at both strategic and operational levels. The CFOO works closely with the Chief Executive and reports to the Board via its committees, and has direct access to Trustees.

Key Responsibilities:

- **Strategic Financial Leadership**
  - Provide high-level financial advice to the Chief Executive and Board.
  - Develop and maintain the Trust's financial strategy and long-term financial plans.
  - Prepare and oversee 3-year and annual budgets in collaboration with the Chief Executive and Principals.
  - Ensure financial decisions reflect Trust priorities and provide value for money.
- **Financial Control and Internal Assurance**
  - Maintain effective systems of internal control in line with the Academy Trust Handbook.
  - Ensure compliance with the Trust's Scheme of Delegation and segregation of duties.
  - Oversee monthly period-end processes and ensure production of timely management accounts.
  - Maintain accurate Fixed Asset Registers and oversee risk register updates.
- **Audit, Reporting and Regulatory Compliance**
  - Lead on the preparation of the statutory Annual Accounts and ensure they comply with the Companies Act, DfE guidance, and Charities SORP.
  - Act as the Trust's main contact for external audit and internal scrutiny providers.
  - Ensure timely submission of all DfE, HMRC, LGPS and TPA returns.
  - Support and respond to internal scrutiny reports and ensure recommendations are implemented.
- **Operational Finance Management**
  - Ensure accurate preparation and review of monthly management accounts and forecasts.
  - Monitor cash flow and make investment decisions in line with the Trust's Reserves and Investment Policy.
  - Maintain robust contracts register and ensure procurement is compliant and efficient.
- **Authorisation and Delegation**
  - Authorise contracts, payments, and budget virements within delegated limits.
  - Ensure payments are made with appropriate co-signatories in accordance with the Scheme of Delegation.
  - Oversee supplier management, financial reconciliations, and system access controls.
- **Oversight and Team Management**
  - Line manage the Deputy CFO and Executive Finance Business Manager (EFBM), with overall responsibility for the finance function
  - Ensure team roles are clearly defined and that all internal controls are embedded and followed.
  - Deputise for the Chief Executive on financial matters as required and ensure Principals and budget holders receive timely, accurate financial data.

In practice, some of these responsibilities are delegated to the DCFO.

3.5 Role of the Deputy CFO

The Deputy CFO leads the Central Finance Team and deputises for the CFOO across all strategic and operational finance matters. They oversee day-to-day financial operations, management accounts, three-year budgets, cashflow forecasting, statutory and regulatory returns, and ensures financial compliance across the Trust. The role includes leading on internal and external audits, maintaining financial controls and systems, managing exchequer functions, and acting as system owner for finance software. The Deputy CFO contributes to strategic projects, ensures accurate accounting, and supports financial decision-making across the Trust through timely and reliable reporting.

3.6 Role of the EFBM

The CFOO may delegate financial procedures to the Executive Finance Business Manager (EFBM), including: Being responsible for a group of schools and ensuring management accounts are produced accurately, in conjunction with the DCFO, an accurate budget build, all day to day and strategic financial support for their group of schools. Deputising for the CFOO/ DCFO where necessary. Other duties as set out in the EFBM job description

3.7 Responsible Officer

In accordance with the Academy Trust Handbook, the Board of Directors appoints an independent external auditor to undertake the statutory audit of the Trust's annual accounts. The current external auditor is UHY Hacker Young, who provides an opinion on whether the financial statements give a true and fair view of the Trust's financial performance and position.

The Members approve the appointment of the external auditor, and the Trust complies with the requirement to re-tender the audit contract at least every five years. The Finance, Audit and Resources Committee is responsible for ongoing monitoring of auditor performance.

The Trust also appoints an internal scrutiny provider, currently McCabe Ford Williams (MFW), to carry out an independent programme of work assessing the effectiveness of financial controls, systems, and risk management. Reports from both internal scrutiny and external audit are presented to the FAR Committee and inform the Trust's statement of internal control and annual reporting.

4. Delegated Authority to the Trust

The delegated authority over different categories of financial transactions is set out below from the DFE:

- The Trust will also pursue recovery of overpayments or debts.
- Write-offs will only occur after a thorough review and where recovery is not practical or legal and all avenues to recover the debt have been exploited
- Write-off amounts are considered before any insurance recoveries.
- The Trust must not enter indemnities outside normal business activities (see DfE guidance).

As a Trust with many years of unqualified accounts and therefore have the limits in row 3.

Criteria	Delegated Limit	Notes
Single transaction write-off	1% of total annual income or £45,000 (whichever is lower)	Applies per individual transaction.
Cumulative limit for Trusts with <2 years of timely, unqualified accounts	2.5% of total annual income (max £250,000)	Includes new Trusts or those without 2 years of compliant financial returns.
Cumulative limit for Trusts with 2 years of timely, unqualified accounts	5% of total annual income (max £250,000)	Higher threshold for well-performing Trusts.
Amounts above these thresholds	Must obtain prior approval from the Secretary of State (via DfE)	

Severance Payments
Severance payments, while occasionally necessary, are a last resort and must demonstrate value for money and be supported by legal advice. All proposed payments require authorisation from both the CFOO and Chief Executive. Payments of **£50,000 or more**, or **exit packages totalling £100,000 or more**, require prior DfE approval. Severance will not be used to reward poor performance or misconduct unless legally advised. All decisions will comply with the Academy Trust Handbook.

Ex gratia payments
Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy. Ex gratia transactions will always be referred to the DfE
by the Board of Trustees for prior authorisation

Asset sales, leases and tenancy agreements
The Trust recognises two types of leases: finance leases, which are a form of borrowing, and operating leases, which are not. As of 1 September 2024, academy trusts may enter into finance leases for assets on the government's approved list. All other finance leases remain subject to DfE borrowing restrictions.
The Trust will seek prior written approval from the DfE before:

- Entering into a finance lease not on the approved list
- Taking up a leasehold or tenancy on land or buildings for seven years or more
- Granting a leasehold interest or tenancy of any duration on land or buildings

Other leases, including short-term operating leases that do not involve land or buildings, do not require DfE approval. All lease arrangements will be disclosed in the Trust's annual accounts in line with the Academies Accounts Direction.
All leasing and property decisions must comply with the principles of regularity, propriety, and value for money, whether or not DfE approval is required.

5. Register of Interests and Pecuniary declarations

To ensure transparency and prevent conflicts of interest, the Trust maintains a Register of Interests for all Members, Trustees, Governors, senior staff, and budget holders involved in financial decision-making.

These individuals must declare any financial or personal interest—direct or indirect—in any person or organisation from which the Trust may procure goods or services. Declarations must be made annually and updated immediately if circumstances change.

5.1 What Must Be Declared
Declarations must include:

- Directorships, shareholdings, or senior roles in organisations linked to the Trust
- Trusteeships or governorships at other educational institutions or charities
- Interests held by close relatives (e.g. spouse, partner, parent) where influence may be possible
- Any potential personal benefit from a current or proposed Trust contract

A Pecuniary Interest Form must be completed and include:

- The name of the individual declaring the interest
- The company or organisation involved
- The nature of the interest (e.g. shareholder, director, relative employed, etc.)

Individuals with no interests must submit a **nil return**.

5.2 Maintenance and Publication

- The Governance Professional/ Clerk to the Trust is responsible for maintaining and updating the register, including new appointments and an annual review.
- A summary of relevant business and pecuniary interests is published on the Trust website, as required by the Academy Trust Handbook.
- The full register is held centrally and is available for inspection.

5.3 Meeting Declarations

At the start of formal meetings, attendees must declare any changes to their interests. Where a conflict exists, the individual must withdraw from the relevant discussion or decision.

5.4 Related Policies

This section should be read alongside the Gifts and Hospitality Policy and the Trust's procedures for related party transactions, which are generally avoided unless no alternative.

5.5 Gifts

All gifts to the Trust or Trust staff, Trustees, Members or Governors, either in kind or in money should be recorded. Please refer to the Gifts and Hospitality Policy

5.6 Expenses Paid to Governors

Expenses may be paid to Governors in accordance with DfE/DFE guidance/ Academy Trust Handbook. Please see the Expenses Paid to Governors Policy.

6. PROCESS FOR INDEPENDENT CHECKING

The FAR Committee is responsible for overseeing the independent checking of the Trust's financial controls, systems, transactions, and risks.

The committee will review key risks to internal financial control and agree a programme of work to address them. This programme will inform the Statement of Internal Control and support assurance for the external audit process. It will also form the basis of the Trust's internal audit charter.

The programme may be delivered through one or more of the following:

- An internal audit service provided by an external contractor
- Supplementary work performed by the Trust's external auditors
- A structured peer review process

6.1 **Investigation of Fraud and Irregularity**

The Chief Executive/ Accounting Officer is personally responsible for preventing loss through fraud and irregularity. Trustees also share responsibility and must ensure the Trust's internal control framework includes proportionate measures to deter and detect financial misconduct.

Where fraud or theft is suspected or identified, the Trust must take appropriate action. All instances involving actual or suspected fraud, theft, or irregularity exceeding £5,000 (individually or cumulatively within a financial year) must be reported to the DfE. Any unusual or systematic fraud, regardless of value, must also be reported.

The DfE may carry out or commission its own investigation based on a Trust's report or any other information it receives.

6.2 Cybercrime

The Trust actively monitors the risk of cybercrime and maintains proportionate controls to prevent, detect, and respond to cyber security incidents. In the event of an attack, the Trust will follow its incident response procedures and report the breach in line with DfE and ICO requirements.

The Trust does not pay cyber ransoms under any circumstances. Cyber security standards are reviewed annually, with outcomes and assurance reported to the Finance, Audit and Resources Committee.

6.3 External Governance Reviews

The Trust complies with the Academy Trust Handbook recommendation to routinely commission an external Governance review, the Trust interprets routinely as every 5 years, although in practice it may be pertinent to have more regular reviews as the Trust grows.

7. ACCOUNTING SYSTEM

All financial transactions must be recorded on the PS Financials system, managed by the Central Finance Team. Purchasing is completed through IMP Purchasing, and transactions are imported into PS Financials on a daily basis. Financial records must be retained for at least six years plus one, in line with HMRC requirements.

7.1 System Access

Access to PS Financials and IMP Purchasing is restricted to authorised staff using individual log-ins, with passwords reset every 30 days. The CFOO and DCFO serve as system administrators and assign permissions based on role. Access is revoked immediately upon staff leaving, and permissions are reviewed regularly by the CFOO. The PS Financial system is hosted on a secure virtual cloud with multi-factor authentication. IMP Purchasing is a web based platform with restricted access based on user rights.

7.2 Back-Up Procedures

The PS Financials system is hosted by EduFin, with daily backups, dedicated server hosting, and enhanced security features, including multi-factor authentication.

7.3 Transaction Processing

All transactions must follow the authorisation processes set out in this policy. Payroll, purchase ledger, and sales ledger processes are detailed in subsequent sections. Transactions are reviewed through monthly reconciliations, VAT returns, and management accounts, with checks by the Finance Team, reviewed by the Deputy CFO and periodically the CFOO

7.4 Reconciliations

The DCFO/ CFOO ensures monthly reconciliations are completed and promptly cleared by the Central Finance Team. These include:

- Payment run and paying-in slip control accounts
- Bank accounts
- Aged debtors and creditors
- VAT, PAYE/NI, and purchasing card balances
- Accruals and deferred income
- Payroll: actuals vs budget with variance analysis
- Balance Sheet recs (for selected codes)

Reconciliations are reviewed and signed electronically by the DCFO, with periodic review by the CFOO.

8. FINANCIAL PLANNING

The Trust prepares short- and medium-term financial plans to ensure sustainability, compliance with the Academy Trust Handbook, and alignment with strategic and school improvement priorities.

8.1 Budget Setting
The Trust prepares a three-year budget annually, for each academy as part of a Trust-wide medium-term plan. Budgets are built using zero-based budgeting and informed by pupil number forecasts, projected DfE funding, historical trends, contractual obligations, five-year capital plans, strategic priorities, Integrated Curriculum Financial Planning (ICFP), staffing ratios, vacancy tracking, grant allocations and benchmarking. The CFOO/DCFO coordinate the process using budgeting software (IMP), working with EFBMs, Principals, and the Trust leadership team.

Budgets are reviewed by the FAR Committee and approved by the Board of Directors before submission to the DfE by the statutory deadline, the Trust always ensure balanced budgets and works effectively with Principals and the Executive Team to ensure this.

8.2 Monitoring and Management Accounts
Management accounts are produced monthly for each academy and at the consolidated level, these are reviewed by the CFOO and then the Chief Executive.

Each month accounts are shared with each Principal and they receive a full headline pack explaining the variance, pupil and staffing data, RAG rating and various other information, benchmarking is also discussed at least Annually.

The Board receives monthly a consolidated set of accounts. The FAR committee receive a full detailed report on the accounts at each meeting and the full Board receive a finance update at each meeting. This will always be done a minimum of 6 times a year to all Trustees

8.3 Cashflow and Investments
The DCFO maintains a rolling 18-month Trust cashflow forecast, reviewed monthly. This supports proactive financial management and investment decisions under the Reserves and Investment Policy. The Trust investments surplus cash, as determined by the cashflow in secure counterparties as determined by the Reserves and Investment Policy, in line with limits in policy.

8.4 Value for Money
Budgeting and financial decisions are underpinned by value for money principles, with a focus on efficiency, effectiveness, and maximising impact. This includes reviewing procurement cycles, identifying efficiencies, and ensuring all public funds support improved pupil outcomes.

9. PAYROLL

The main elements of the payroll system are:
- Staff appointments, leavers and changes
- Payroll administration
- Monthly payroll

The Trust uses MS Forms to provide a detailed workflow of approvals for: requests to recruit, staff changes, leavers and onboarding. Onboarding forms (as long as they are onboarding to an approved role) and leavers do not require approval. Forms may only be submitted by School SLT, the CFOO, DCFO, EFBM, Central education team or the HR team.

The CFOO/ DCFO is responsible for reviewing and approving or declining staff changes and requests to recruit. This role has delegated approval for their schools within the below remit:

- Authorisation to agree forms for all posts below Assistant Principal level
- Approving the form does not take the school into a deficit
- Approving the form does not take the school outside of benchmarked staffing ratios for teaching staff, where it would approval by the CFOO is required
- Generally speaking, the change/ request to recruit keeps the school within their establishment, unless corresponding savings or changes have been locked in to afford the appointment

The CFOO will approve forms for any schools he is directly supporting and is responsible for approving all forms at Assistant Principal level and above, where this is for a cluster supported by an EFBM this will normally be done based on the EFBMs recommendation.

Select staff within the Finance Team have access to the forms, in addition to the HR team, this is limited to: DCFO, Management Accountant, Trainee Management Accountant

9.1 **Staff Appointments**

Trustees have the authority to appoint the Chief Executive. Additionally, the appointment of the CFOO must also be approved by Trustees.

The Trust HR Team maintains electronic personnel files for all members of staff which include signed contracts of employment. The Chief Executive is responsible for ensuring that the Trust's pay policy is implemented.

The Chief Executive is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and the Trust Head of HR will be responsible for maintaining accurate records of all staff employed at their academy in a single central record.

Personnel information is held electronically within the access system and SCR system, both of which are strictly limited to authorised officials only. It is ensured that the General Data Protection Regulations are complied with.

9.2 **Payroll Administration**

The Trust's payroll is administered in-house. The Central HR Team processes all changes to payroll data (e.g. appointments, resignations, pay changes, overtime) following approval via MS Forms. Principal salary changes must be authorised and submitted by the Chief Executive or the CFOO on his behalf.

The HR team maintains the staff database in Arbor and Access (HR/ Payroll system), including absence records. Employees can access.

Claim forms (e.g. overtime) are submitted electronically and are authorised in line with the line management hierarchy in access. Claims submitted more than two months late may not be paid.

The HR Team processes personnel changes, while the Payroll Team updates payroll records. Significant checks are in place which ensure segregation of duties and these checks are carried out by the Senior Payroll and Pensions Officer, Head of HR, and reviewed by the CFOO/ DCFO. These include:

- Authorisation logs for starters, leavers and changes
- Absence data validation

- Accuracy of deductions and compliance with tax rules
- Review and resolution of outstanding payroll tickets
- Validation of service-based changes (e.g. weeks per year)
- Monthly comparative analysis and fraud checks, including bank detail changes

Payroll deductions are calculated automatically in line with tax legislation, with updates applied via HMRC's FBS system. Payments to HMRC, LGPS, Teachers' Pensions, and other statutory bodies are made directly by the Trust in line with their deadlines.

All checks are documented extensively and must be passed to process to BACS.

Payroll uploads to the bank are completed by the DCFO/ CFOO/ EFBM or Management Accountant. Dual approval is required, by any of those listed except the Management Accountant. If there was unplanned absence a member of the Executive Team who is a bank signatory could perform the second approval.

The Finance Team enters payroll data into PS Financials via journal transfer and completes monthly reconciliations of payroll actuals against forecast, with variance explanations reviewed by the DCFO.

To ensure correct tax treatment, the Trust assesses whether individuals are employees (contract of service) or self-employed (contract for services). Employees must be added to payroll; self-employed individuals must submit an invoice. Repetitive payments are reviewed to ensure correct classification.

2. Expenses

Staff expenses and mileage claims are moving to being processed via the Access HR and Payroll system, which means approval is via the line manager with payment made as part of payroll. Some staff/ schools are not, yet fully migrated and therefore the central team also processes some BACS payments for staff expenses.

All staff expenses must have adequate receipts provided and must be claimed within 3 months, except in exceptional circumstances.

Mileage is always paid at the Government AMAP rate.

10. Procurement

The Trust always seeks to achieve the best value for money from all our purchases, ensuring efficiency, effectiveness and economy to ensure the best use of public funds.

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

10.1 Routine Purchasing

Budget holders have their allocation confirmed as part of the budget build process, whereby budgets are uploaded to the finance system. Budget holders can run reports in the finance system. Budget holders may <u>not</u> overspend on their budgets without prior approval, in the event an overspend occurs corresponding savings will generally be required within the school budget.

Budget holders are required to ensure that Purchase Orders (PO) are raised for all purchases. The Trust expect all goods and services to have a PO raised prior to being ordered or received. The PO acts as a contract and provides authorisation for the purchase to go ahead. The only exceptions, where a PO is not required, are in instances where prices cannot be pre-determined and/or recorded accurately in advance, which in effectively nullify the use of an order. Examples of this include rates, utilities, Risk Protection Arrangement (RPA) insurance, refuse disposal, urgent orders (where verbal approval is sought from the CFOO, DCFO, EFBM or Executive Team and a retrospective PO is raised), central recharges, and urgent same-day agency staffing (also requiring a retrospective PO) are exceptions where a purchase order is not required in advance.

It is essential that all the following controls are adhered to:

- Orders should not be entered into verbally without a valid PO
- PO's should be raised as soon as the supplier, quantity and cost of goods is known to ensure the commitment is on the finance system at the earliest opportunity.
- Emergency orders may be made without a PO, subject to agreement of the budget holder/ CFOO.
- Orders will only be approved via the PSF online portal in line with agreed authorisation limits and workflows within the scheme of delegation listed in Appendix A of this document
- Orders may only be used for goods and services provided to the Trust.

Requisitions under £2,500 – can be approved by budget holders with approval of the PO by the DCFO/ EFBM. The budget holder is responsible for ensuring that reasonable steps have been taken to achieve best value. Best value could be achieved by obtaining multiple quotes, bulk purchasing common consumables, negotiating discounts, taking advantage of sale seasons, and seeking advice from the Finance Team are all ways budget holders can demonstrate best value.

For General Expenditure (excluding centrally procured Estates and IT expenditure)

Order Value Range	**Requirements**	**Approval Required**
£2,500 – £4,999	Minimum of 2 written quotations; quotes attached to PO	EFBM/ DCFO
£5,000 – £49,999	Minimum of 3 written quotations; quotes attached to PO	CFOO
£50,000 – £124,999	Minimum of 3 written quotations	CFOO and Chief Executive, with retrospective FAR review (for those over £75k)
Over £125,000	Formal tendering process (see Competitive Tendering Policy)	FAR Committee

To ensure effective financial control while maintaining operational efficiency, blanket purchase orders may be used for recurring goods or services where individual transactions have a unit cost considerably below the above thresholds, but in total the value may exceed standard procurement thresholds. Blanket purchase orders must be raised for the estimated total value. They require the relevant approvals, however judgement may be applied by the EFBM/DCFO/CFOO (depending on the value) in relation to whether it is appropriate to request additional quotes.

Centrally Procured Estates and IT Expenditure (applies to Head of Estates & Head of IT)

Order Value Range	Quotation Requirement	Approval Required
£2,500 – £9,999	1 quotes required unless the service lead/ CFOO/ DCFO feels the quote represents poor value for money	CFOO (Or EFBM/ DCFO for those under £4,999)
£10,000 – £19,999	Minimum of 2 written quotations	CFOO
£20,000 – £49,999	Minimum of 3 written quotations	CFOO
£50,000 – £124,999	Minimum of 3 written quotations	CFOO and Chief Executive, with retrospective FAR Committee review (for those over £75k)
Over £125,000	Formal tendering required	FAR Committee

The trust will consider relevant DfE procurement opportunities and frameworks when procuring goods and services. For procurements, subject to a competitive quotation or tender process, the procurement record will document whether a DfE-approved framework or procurement route was considered and, where not used, the reasons for the alternative approach selected.

The 2026 Academy Trust Handbook introduced additional controls around procurement. All Trusts must use the Government's agency staff framework and a DFE approved energy framework, both of which THAT comply with.

. On receipt, academy staff must check goods or services against the purchase order within 48 hours and record receipt on the finance PO portal. Any discrepancies must be raised with the supplier immediately.

Rejected or substandard goods must be reported to the Central Finance Team immediately via finance@thatrust.org.uk.

The Finance Team may approve invoices that exceed the PO value by up to 2% or £25 (whichever is lower) to avoid unnecessary re-approval where the difference is immaterial.

Invoices without a PO require approval as per the limits above. Additionally, staff will be firmly reminded of the importance of POs and continued failure to raise POs may result in withdrawal of their permission to be a budget holder.

10.2 Invoice Processing

Invoices should be sent electronically and directly by suppliers to the Central Finance Team (finance@thatrust.org.uk) The central Finance Team will check:

- That the invoices falls within the PO amount, the invoice matches the supplier details of the PO number quotes
- Goods/ services received (with a saved delivery note or failing this an email confirmation from the budget holder. If an attachment is not included the budget holder takes responsibility for any damaged or missing goods.)
- Arithmetic
- That the invoice is a valid invoice (and a valid VAT invoice where VAT is charged)
- That the invoice is not a duplicate

10.3 Creating New Suppliers

A supplier request form must be completed for all new suppliers. The request form should be accompanied by the supplier's company headed paper containing their bank details and registered office. Supplier bank details are independently verified by the Central Finance

Team and all supplier requests are approved by either the Management Accountant, DCFO or EFBM.

All supplier statements should be checked upon receipt against vendor line items. Supplier statements should be retained at the end of the financial year for audit purposes.
The DCFO is responsible for reviewing the monthly creditors list, ensuring payment is made promptly.

10.4 Purchasing Cards

Purchasing cards are held by each Principal and may be used for emergency purchases only. A small number of purchasing cards are provided to technicians in secondary schools with a maximum limit of £250 per month. All other purchases should be made via the PO process or via the Central Finance Team. The Chief Executive and CFOO also hold a purchasing card.

Each cardholder is personally responsible for the safe custody of their card. The card should always be held securely, and any loss of cards should be reported immediately. All receipts must be produced and emailed electronically monthly to the Central Finance Team. The Central Finance Team review the monthly credit card statement and receipts for compliance to this policy. The Central Finance Team will code the purchasing card statement to the Finance Team monthly to ensure the Trust bank account can be reconciled by the 3rd of each month.

11. Other Matters

Services Provided by Sponsors or Sponsor-Related Bodies

The Trust must ensure that all contracts, including those with sponsors or related bodies, are procured transparently and represent value for money. Any sponsor fees or consultancy charges must be reasonable and constitute appropriate use of public funds.

Novel, Contentious or Repercussive Transactions

If the Trust considers entering a novel, contentious or repercussive transaction, it will seek prior written approval from the Department for Education, and where applicable, HM Treasury or the Secretary of State.

Managing Surplus General Annual Grant (GAG)

All schools must adhere to the Trust's reserves policy, unless a variation is approved by the CFOO and ratified by the Finance Committee. The DfE expects GAG to be used for the benefit of current pupils; therefore, any school with a substantial surplus must have a clear plan for its use. Schools in deficit are required to work with the CFOO to develop a deficit recovery plan and, once balanced, a strategy to align with the reserves policy.

The Trust does not currently GAG pool.

Financial Deviance

The THAT protocol is for the Principal to have freedom over the following budgets (subject to the approval limits within this policy), with the overall pot for each budget set by the CFOO and approved by the Board annually: Student rewards, ICT consumables, curriculum, educational professional fees, IT equipment (educational), subscriptions (admin), stationery (admin), printing paper, general office costs, music services costs, course fees, staff travel, hospitality, trips, uniform expenditure (Pupil Premium only), PE and Sports Premium, and Catch-Up Premium.

The Role of the Principal

Principals are responsible for managing the delegated budgets listed in section 11 of this policy and must:

- Align the academy improvement plan with available financial resources
- Ensure delegated budgets are not overspent

- Work with the CFOO to develop and implement a deficit recovery plan, if required
- Ensure staff follow the procedures outlined in this manual
- Maintain an accurate academy inventory, with an independent check conducted at least annually
- Report stolen items to the CFOO, who will escalate to the relevant committee and, if required, the DfE and Police
- Establish controls to monitor all delegated financial responsibilities

The Role of the Staff
All Trust staff have a responsibility to comply with this policy.

12. LIMITS OF DELEGATION

The following limits will be applied to the academies in the Trust and are further detailed in Appendix A.

Virements With Budget Share
The Principal (with approval from the CFOO, EFBM or DCFO (with approval from the CFOO) is authorised to make virements within their budget without impacting on the bottom line/ the budgeted in year surplus/ deficit. Generally, virements will not exceed £25,000, but may on occasion. All virements will be approved by the EFBM/ DCFO or CFO. Where a virement is over £25k the CFO must be part of the approval. Virements more than £50k will also be retrospectively approved by the Finance Committee. No virement may affect the bottom line.

13. FINANCIAL REPORTS TO LOCAL ACADEMY BOARDS

The CFOO/ EFBM will attend two Local Authority Board (LAB) meetings per year for the schools they support Where a school is in financial difficulty the Executive Team may determine that a senior finance representative will attend all LAB meetings of that school. Financial reports will be reliable and relevant to users and reflect the LABs scheme of delegation

14. OPERATION OF CENTRAL BANK ACCOUNT

The Trust operates a central bank account for the Trust, as well as a sub savings account. The signatories on the account are the: CFOO, DCFO, Chief Executive, Management Accountant (Limit of £25k), EFBM and Director of Education. The Head of Estates is an additional signatory for contingency purposes.

There is a comprehensive checking and approval process in place for payment runs comprising of checks from at least 2 approvers and one further member of the Finance Team who have not been involved in preparing the run. These checks include but are not limited to:

- Confirmation that all payment run lines uploaded match the paylist
- 10 random invoices checked between the value of £250-£4,999 for accuracy and bank details/ any other issues by a separate member of the Finance Team. First approver to also check all invoices over £5k for accuracy/ any issues.
- Second approver to check all invoices over £10k
- Random check of 2 invoices by the payment run approver (in addition to all checks completed by them in the preparation)

Approval on the bank for payment runs will come from:

Under £25k- one of the Management Accountant/ DCFO followed by one of the DCFO/ EFBM/ CFOO (always separate people).

Over £25k- two of the DCFO, EFBM, CFOO.

Members of the Central Finance Team have access to online banking in order to view statements, run reports and load payments. Bank statements are used to reconcile the bank balance on the finance system.

15. PETTY CASH ACCOUNTS

Neither the Trust nor schools are permitted to hold petty cash, there are less than 4 exceptions to this and all are under £500 per school. Appropriate controls are in place, with supporting document for the cash held and any cash withdrawals and top ups.

16. Security, Inventories, Stocks And Disposal Of Assets

The Trust is responsible for always maintaining proper security for all buildings, stocks, stores, furniture, equipment, etc. under its control

Security

Safes must remain locked with keys removed and always carried by the designated key holder. Any loss of keys must be reported immediately to the Principal or CFOO.
Cash held on-site must be stored in a locked safe or secure cabinet. While the insurance limit for cash and cheques in a safe is £5,000 (unless otherwise agreed), the Trust does not permit schools to hold more than £1,000 in a safe pending collection.
Any theft of cash or stock must be reported without delay to the Police, the Principal, and the CFO.

Inventories

Fixed Asset Registers are maintained by the central Finance Team in which there is an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the Academy, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £5,000 (previously £1,000 until 31/08/2022).

The asset register should include the following information: Asset description, number, serial number (where applicable), date of acquisition, asset cost, useful economic life, depreciation, net book value and location (Academy).

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset, in line with the Trusts depreciation policy.
The depreciation will be calculated on an annual basis for preparation of the year end accounts. Groups of assets will use the same method of depreciation.

The MAT has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight-line percentages:

- Leasehold land: 0%
- Leasehold buildings: 2%
- Furniture & equipment: 15%
- Computer equipment & software: 33.3%
- Motor vehicles: 20%

All the items in the asset register should be permanently and visibly marked as the Academy's property.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the Academy provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover (RPA).

Acquisitions and Disposal Of Assets

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

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

The Trust may dispose of any other fixed asset without the DFE's prior approval. The Trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the DFE on that basis.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Principal and the CFOO, where significant, should be sold following due process:

- Taking reasonable steps to advertise the disposal
- Inviting bids for the asset (sealed bids are preferable)
- Negotiating with potential purchasers

The Trust may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. Where this does happen evidence must be retained of the market value and removal of any licences (if IT equipment)

Loan of Equipment
Items of Academy property must not be removed from Trust premises without the authority of the Head of Department or Principal. A record of the loan must be recorded, and the asset booked back in when it is returned. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

17. Insurance Arrangements

The Trust is part of the Risk Protection Arrange (RPA) and purchases other policies not covered by the RPA such as: Motor insurance and engineering and Inspection insurance.

All contractors must have public liability insurance before they are allowed to undertake work on the Academy's premises.

People hiring the Academy's premises and using facilities must produce a valid public liability insurance with indemnity up to £5,000,000. This is stored and maintained in the school hire system.

18. Receiving Income

The main sources of income for the Trust are the grants from the Education Funding Agency (DFE). The receipt of these sums is monitored by the Finance Team. Academies also obtain other income from the Local Authority for the operation of Nurseries and children's centres and in addition to this raise further income through mechanisms permitted by the Academy Trust Handbook such as letting school premises (bookings made via school hire which manages payments, bookings and policy retention- with reports used to reconcile to the bank).

Charges can also be made to students to defray the costs of certain activities (see section 19. Charging Policy). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the Trust's charging policy.

Debtors

The Trust has a robust process in place for the collection of aged debtors, which includes appropriate chasing and escalation, which has led to the Trusts continuously exceptionally low level of write off.

Write off of Debtors

The Trust will always make every effort to collect money owed to it promptly and has internal procedures for escalation of unpaid debtors.

The Trust may write off debts and losses in line with this policy and the relevant "musts" in The Academy Trust Handbook

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the Trust's last set of audited accounts. Write offs under £2k may be approved by the DCFO. Write offs over £2k but under £5k must be approved by the CFOO with retrospective FAR approval. Write offs over £5k require FAR approval in advance of the write off.

19. Supporting Policies and Procedures

The following policies should be read in conjunction with this policy:

- The Competitive Tendering Policy
- The Charging and Remissions Policy
- The Fraud Policy and Procedures
- The Travel and Subsistence Policy
- The Investment and Reserves Policy
- The Fixed Asset Policy
- The Central Contribution Policy

Appendix A- Scheme of Delegation – Authorisation Limits

Principals are only authorised to approve expenditure for set budgets, which are confirmed in this document [see 11.0 Other Matters]

Financial Regulations Authorisation Limits

Expenditure Limits	
Chief Executive	£ 125,000
CFOO	£ 49,999
DCFO / EFBM	£ 5,000
Primary Principal	£ 5,000
Secondary Principal	£ 5,000
Business Charge Card Limits	
Principal Deputy Head Head of Department	£ 500
Technician Admin Staff	£ 250
Trip Cards (only where required)	£ 5,000
Chief Executive	£ 2,000
CFOO	£ 30,000
*The CFOO has discretion to temporarily increase card limits for up to 1 month and by up to no more than 100%, and the DCFO has discretion to temporarily increase card limits by up to 1 month by no more than 50%. ** DCFO can approve new credit cards as per the limits above, if a balance is required outside of the set limit then this will need to be approved by the CFOO. For any staff who do not fall into the above staff categories will need approval from CFOO with confirmation of the relevant balance	
Virements Limits	
Primary Principal	£ 5,000
Secondary Principal	£ 25,000
CFOO	£ 25,000
DCFO / EFBM	£ 10,000
Procurement- see section 10	

Appendix B- BEST VALUE STATEMENT FOR THE BOARD OF TRUSTEES

Introduction
The Trust Board and its committees are accountable for the way in which the Trust and constituent Academies resources are allocated to meet the objectives and needs of the Trustees and the Trust need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the academy's achievements and services.

What is Best Value
Trustees will apply the four principals of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** Academy performance against benchmarking
- **Consult:** With service users, the local community etc.

- **Competition:** Wherever practicable, to secure efficient and effective services

Trustees are responsible for approving a balanced budget each year and providing challenge and scrutiny of the management accounts and performance against budget throughout the year.