

DAYSPRING TRUST

Finance Handbook

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CONTENTS

1.	Introduction	4
2.	Organisation Structure	4
	The Board of Directors.....	5
	Resources, Employment and Finance Committee	5
	Internal Assurance.....	6
	The Executive Headteacher/Accounting Officer/Accounting Officer	6
	The Executive Business Manager	6
	Finance Team	7
	Other Staff	7
	Gifts and Hospitality	8
3.	Financial Planning.....	9
	Development Plan	9
	Annual Funding allocation	9
	Balancing the Funding allocation	10
	Communicating the Funding allocation	11
	Risk Management.....	11
	Debt Write-offs	11
	Monitoring and Review	12
4.	Accounting System	12
	Back-up Procedures	13
	Transaction Processing	13
	Transaction Reports	13
	Reconciliations	14
5.	Staffing and Payroll	14
	Staff Appointments	14
	Payroll Administration.....	14
	Payments	15
	Other Considerations.....	15
6.	Expenditure and Procurement	16
	Routine Purchasing.....	16
	Orders up to £1,000.....	17
	Orders over £1,000 but less than £25,000	17
	Orders over £25,000	18
	Forms of Tender	18
	Preparation for Tender	18
	Invitation to Tender.....	19
	Aspects to consider when evaluating the tender	19
	Tender Acceptance Procedures.....	20
	Tendering Procedures.....	20
7.	Income	21
	DfE Income.....	21
	Off-Site Trips	21
	Lettings	22
	Custody.....	22

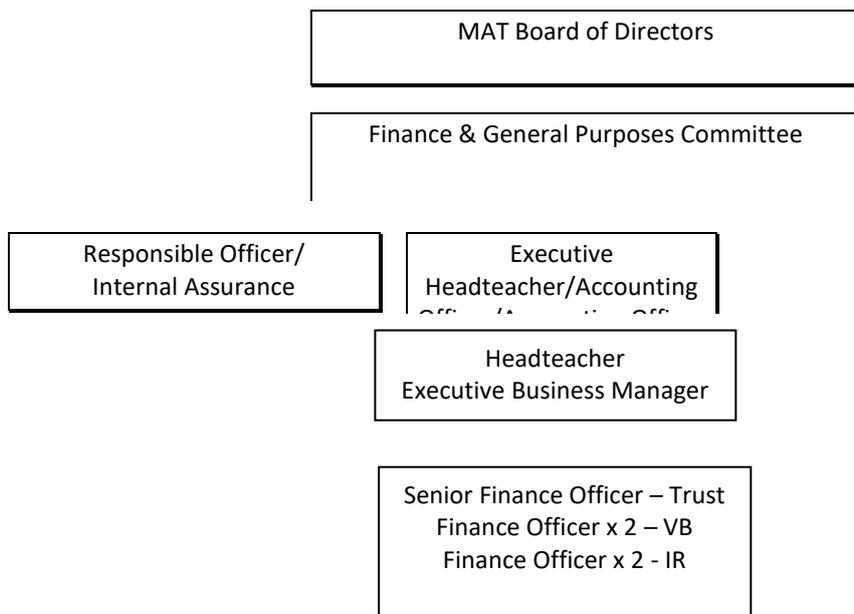
	Bank Interest.....	23
8.	Cash Management.....	23
	Bank Accounts.....	23
	Deposits	23
	Payment Procedures	23
	Administration	24
	Cash Flow Forecasts.....	24
	Investments	24
	Petty Cash Accounts	25
	Deposits	25
	Payments and Withdrawals	25
	Administration	25
	Physical Security.....	26
	Credit Cards.....	26
	Expenses	26
	Expenses – Travel and Subsistence.....	27
9.	Fixed assets.....	27
	Purchase of Assets.....	27
	Asset Register.....	27
	Security of Assets	28
	Disposals.....	28
	Loan of Assets	29
	Attractive Items Register	29
	Premises	29
10.	Contracts (including Leases).....	30
11.	Insurance	30
12.	VAT	31
13.	Borrowings.....	31
	General Considerations	31
14.	Year End Procedures.....	32
15.	External Liaison	32
16.	Financial Protection and Malpractice	33
	Fraud.....	33
	Whistleblowing	33

1. Introduction

- 101 The purpose of this manual is to ensure that the Academy establishes and maintains effective systems of financial management, control and reporting. It is aimed at Finance Staff in each Academy, but is available to all staff with funding allocations, income or expenditure responsibilities.
- 102 This manual provides information about the Trust's/Academy's financial and accounting procedures as well as governance and should be read by all staff working with the financial systems. Detailed operational procedures will sit outside this handbook.
- 103 Training sessions will be held periodically at each Academy to ensure that all staff involved with financial systems and controls are familiar with the Handbook and procedures and can operate the systems and procedures properly.
- 104 Reference to the Department for Education (DfE) should also be read as referring to the ESFA where appropriate.
- 105 Please also read this manual in conjunction with the Trust's Scheme of Delegation.
- 106 All queries should be referred to the Executive Business Manager.

2. Organisation Structure

- 201 The financial reporting structure is illustrated below and is followed by a short introduction to the role of each body.



The MAT Board

- 202 The Multi Academy Trust Board (MAT) is the official term for the Board of Directors. The Board meet six times per annum.
- 203 The MAT Board's responsibilities cover the full range of the Academy's activities, however, finance matters are delegated to the Finance and General Purposes Committee (F&GPC). A representative of the F&GPC will report on finance matters at each MAT Board meeting. In addition, the MAT Board must formally discuss and approve:
- The annual funding allocation;
 - All purchasing decisions over £50,000
 - Disposal of assets over £35,000
- 204 MAT Board members have opted not to claim any expenses whilst working in their capacity as a Director with the exception of car mileage if required to undertake business in another school/academy. This will be paid via BACS directly into the recipient's bank account.
- 205 No Director or Academy Council member may hold an interest in property belonging to the Academy, nor may a Director or Academy Council member receive remuneration in respect of any contract to which the Academy is a party.

Finance and General Purposes Committee

- 206 The F&GPC is a committee of the MAT Board. No business can be conducted unless a quorum of three members with full voting rights is present. Staff cannot sit on this committee.
- 207 The main responsibilities of the F&GPC are detailed in written terms of reference from the MAT Board. These include:
- Initial review and authorisation of the annual funding allocation;
 - Approve the financial statements for filing in accordance with Companies Act and Charity Commission requirements;
 - Responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy are observed;
 - Oversee capital investment programmes;
 - Regular monitoring of actual expenditure and income against funding allocation;
 - Authorising the purchases of goods and services of value up to the value of £50,000;
 - Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls;
 - Authorising the disposal of fixed assets with a value up to £35,000;
 - Authorising all virements to and within budget headings of up to £50,000;
 - Set and monitor remuneration levels for members of staff with the exception of Executive Headteacher/Accounting Officer, and Headteacher. Remuneration levels for those members of staff will be set by the MAT Board;
 - Establish, monitor and review employment policies.

Internal Assurance reviews

- 208 The MAT Board is required to obtain independent oversight of the Academy's financial affairs. The main purpose of this is to assure the MAT Board that:
- The financial responsibilities of the MAT Board are being properly discharged;
 - Resources are being managed in an efficient, economical and effective manner;
 - Sound systems of internal financial control are being maintained; and
 - Financial considerations are fully taken into account in reaching decisions.
- 209 The academy has engaged the professional services of an independent auditor who will undertake a series of termly audit inspections (internal assurance visits) to ensure that financial transactions have been properly processed, and that controls are operating as laid down by the MAT Board. A report of the findings from each visit will be presented to the F&GP Committee, who will report findings to the MAT Board. The presumption is that the Academy will implement any recommendations made unless it can demonstrate that to do so would not be appropriate. The Executive Business Manager will be given an opportunity to see and challenge the report before it is given to the F&GP Committee.

The Executive Headteacher/Accounting Officer/Accounting Officer

- 210 The Executive Headteacher/Accounting Officer has overall executive responsibility for the Academy's activities within the framework of the agreed annual and longer term plans. The Executive Headteacher/Accounting Officer is deemed to be the Accounting Officer for reporting purposes. Much of the financial responsibility is delegated to the Executive Business Manager, but the Executive Headteacher/Accounting Officer retains responsibility for:
- Approving new staff appointments within the authorised structure, except for any senior staff posts requiring MAT Board approval;
 - Authorising bonus/honorarium payments to staff as agreed by SLT as long as cost is affordable based on current funding allocations and forecasts;
 - Authorising the purchase of goods and services of value up to £35,000;
 - Signing cheques/authorising electronic payments in conjunction with other authorised signatories.
 - Approving the virement between and within funding allocation headings of £35,000 and above;

The Executive Business Manager

- 211 The Executive Business Manager (EBM) works closely with the Executive Headteacher/Accounting Officer through whom he or she is responsible to the Directors. The EBM is deemed to be the principal Finance Officer for reporting purposes. The EBM

also reports directly to the MAT Board and to the F&GPC. The main responsibilities of the EBM are:

- Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register;
- Management of the Academy financial resources at a strategic level within the framework of financial controls determined by the MAT Board;
- Maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- Preparation of monthly management accounts and financial reports;
- Authorising the purchases of goods and services of value of up to £10,000;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories; all cheques to be signed by two of the authorised signatories;
- Authorising virements between and within funding allocation headings up to a value of £10,000;
- Ensuring that all financial and administrative returns are made to the DfE and other funders;
- Ensuring that the necessary information for other statutory returns (annual accounts, Charity Commission filings etc.) is provided promptly to the appropriate authorities;

Finance Team

- 212 The Finance Team consists of the EBM and Senior Finance Officer (Trust level), 2 Finance Managers (1 in each academy) and 2 Finance Officers (1 in each academy).
- 213 The Senior Finance Officer will have authority to authorise purchases of goods and services of value of up to £5,000.

Other Staff

- 215 All staff members are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economical and efficient use of resources and for compliance with Academy financial procedures.
- 216 The Headteacher will have authority to authorise purchases of goods and services between the value of £10,000 and £20,000.
- 217 The Deputy Headteacher's (IR) will have authority to authorise purchases of goods and services between the value of £7,500 and £10,000.
- 218 The Operations Manager will have authority to authorise purchases of goods and services of up to £7,500.

Register of Interests

- 218 No-one involved in spending public money may benefit personally from the decisions they make. To avoid misunderstandings, Directors, Directors and staff with significant financial or spending powers are required to declare their financial interests in entities from whom the Academy might purchase goods or services.
- 219 A register of pecuniary interests is maintained to ensure that all decision-making bodies are aware of any potential conflicts of interest when awarding contracts or making other financial decisions. All members of the MAT Board and associated committees will complete the register of pecuniary interests form on appointment and a register will be published on each academy's website. This exercise will be repeated annually as a minimum (usually September).
- 220 The register will include business interests such as directorships, shareholdings or other appointments of influence within any business or organisation which might have dealings with the Academy. Business interests of relatives such as a parent, spouse or child should also be disclosed where influence could be exerted over a governor or employee by that person.
- 221 The existence of the register does not affect the duty of governors and staff to declare interests whenever they are relevant to matters being discussed by the MAT Board, a committee or any other working group within the Academy. Where an interest has been declared, the individual(s) concerned should not attend that part of any committee or other meeting.

Gifts and Hospitality

- 222 All personal gifts and hospitality (above a minimum monetary amount of £25) received by governors and staff should be declared and recorded. This minimises the risk of staff and governors being compromised by expectations of reciprocal benefits. The Executive Headteacher/Accounting Officer or EBM should be consulted before any such gifts or hospitality are accepted.
- 223 The Finance team should enter any receipt of gifts/hospitality into the Register of Gifts and Hospitality and this should be maintained by the EBM. Gifts received on behalf of the Academy should be entered on the register.
- 224 The subject of acceptance of gifts and hospitality is also covered in the Trust's code of conduct.

3. Financial Planning

- 301 The Academy must prepare both short-term and medium-term financial plans.
- 302 The medium-term financial plan is prepared as part of the development planning process. The Academy Development Plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 303 The Academy Development Plan provides the framework for the annual funding allocation. The funding allocation is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year. The deadline for funding allocation preparation is notified by the ESFA on an annual basis.

Development Plan

- 304 A Trust development plan and individual development plans are produced annually and objectives and target are matched to the available human and financial resources. These plans provide the broad framework within which more detailed plans may be made. The plans are reviewed on a regular basis.
- 306 The Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. It will also include cost estimates if possible, associated with each objective and success criteria against which achievement can be measured.
- 307 For each objective the lead responsibility for ensuring progress is made towards that objective will be assigned to an Academy senior team member, who will monitor performance against the success criteria throughout the year, and report quarterly to the Executive Headteacher/Accounting Officer/Accounting Officer. The Executive Headteacher/Accounting Officer/Accounting Officer will report to the MAT Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Funding allocation

- 308 The EBM is responsible for preparing and obtaining approval for the annual funding allocation. The funding allocation must be approved by the Executive Headteacher/Accounting Officer in the first instance and approved by the F&GPC before submission to the MAT Board for final approval. The Headteacher of each academy, alongside key finance staff, is responsible for setting their priorities for annual funding and for financial planning, review and monitoring. All significant risks that may impact on the

financial viability of the Academy and ultimately the Trust will need to be reported to the MAT Board, and the financial impact considered and mitigated where possible.

309 The approved funding allocation must be submitted to the ESFA by the due date each year and the EBM is responsible for establishing a timetable which allows sufficient time for all approvals and submissions.

310 Once the annual funding allocation for each academy has been agreed and ratified by the Board of Directors, Headteachers will be notified by the EBM. Each academy will receive a copy of their delegated funding allocation. There is a mechanism in place whereby Headteachers may appeal their annual funding allocation- please see Pooled Funding Policy for further details.

The annual funding allocation will estimate the resources available to each Academy for the next year and will show how these are to be used. The Academy Development Plan objectives and the use of resources should be clearly linked. Whilst the EBM is primarily responsible for the completion of the annual funding allocation, he or she will work with the Headteacher and Senior Finance Officer relevant individuals to ensure that the funding allocation is consistent with and reconcilable to the Academy Development Plan.

311 The funding allocation/budget planning process shall incorporate the following elements:

- Forecasts of pupil numbers and characteristics to estimate the DfE grants receivable;
- Inflationary uplift;
- Movements up the pay spine;
- Review of other income sources to assess likely level of receipts;
- Review of past performance against funding allocations to make the cost base clear;
- Identification of potential efficiency savings;
- Review of the main expenditure headings in light of Academy Development Plan objectives and expected cost variations e.g. pay increases and inflation.

312 It is important that any new projects proposed are robustly challenged and costed to ensure that they are the most appropriate course of action and represent value for money.

Balancing the Funding allocation

313 It is incumbent upon the F&GPC and MAT Board to only approve annual funding allocations that do not show an underlying deficit position.

314 Comparison of estimated income and expenditure will identify any potential surplus or shortfall. If shortfalls are identified, opportunities to increase income will be explored and expenditure categories reviewed for areas where savings can be made. This may require projects to be deferred until funding is available. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. Any carry-overs of GAG funding need to be in compliance with the annual funding letter.

315 It is not anticipated that the annual funding allocation should show a large surplus of funds over expenditure. Irrespective of the carry-forward calculation, it is not deemed responsible to try and build up significant reserves unless there is a particular project that requires savings to fund it over a number of years.

Communicating the Funding allocation

316 The funding allocation will be communicated to all relevant staff so that everyone is aware of overall constraints and their particular responsibilities.

317 The funding allocation will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is simple for all concerned to take remedial action. The funding allocation should be seen as a working document which may need revising throughout the year as circumstances change.

Risk Management

318 An essential part of financial planning is consideration of risks to the Academy. This covers all risks, not merely financial risks, as mitigation of non-financial risks can still have financial consequences. The EBM will maintain a detailed risk -register. This will be updated regularly and submitted to the F&GPC and MAT Board for consideration and agreement.

Debt Write-offs

319 Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge;
- The likely expense of legal actions exceeds the likely recovery;
- The debtor cannot be traced;
- The debtor is unable to pay;
- The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency.

320 Any debt write-off exceeding £250 in value will need to be approved by the F&GPC and reported to the MAT Board.

321 Any write-off over the amounts set out in the ESFA's Academies Financial Handbook needs written consent by the Secretary of State.

322 Any loss arising from suspected fraud and any loss above the value of £500 from suspected theft must be reported to the DfE.

Monitoring and Review

- 323 Monthly financial reports will be prepared by the Senior Finance Officer/finance teams and distributed two/three weeks after the end of the month.
- 324 The monthly report will generally take the following format:
- Income and expenditure, actual against funding allocation, for the period and for the year to date, in aggregate and by nominal code;
 - A projection of the anticipated end-of-year position where applicable (ie where there is sufficient financial data available).
 - An extra report will be available for all budget holders (cost centre holders). This will detail funding allocations, actual, committed and available spend to date;
 - A variance column;
 - A brief narrative with explanation(s) of any significant deviations from funding allocation;
 - An update on significant capital projects in progress;
 - Summary of key balance sheet items such as creditors and debtors at month end;
 - A summary of the cash position and outlook.
- 325 If a funding allocation overspend is forecast, it may be appropriate to transfer money from another funding allocation or any contingency.
- 326 Monthly reports will be submitted to the F&GPC for their review and discussed at minuted half termly meetings. Where applicable, corrective measures will be taken to ensure that the authorised funding allocation is not exceeded.

4. Accounting System

- 401 The system currently in use is SAGE for Education. All financial transactions must be recorded on the accounting system.
- 402 The coding structure used by the Academy will be agreed at the start of each academic year, but changes can be made if new codes are required due to change in circumstances.
- 403 It is the responsibility of the Academy Finance Team to ensure that all postings to the finance system are done on a timely and accurate basis, and that all required financial checks are carried out on a timely basis by appropriate personnel, such as reconciliations and payroll submissions.
- 404 It is the responsibility of the EBM in agreement with the Headteacher, to identify individual funding allocation holders and set limits for their authorisation. It is the

responsibility of the Finance Officer (s) to ensure that all undisputed invoices are paid within 30 days.

405 Accounting policies are recommended by the F&GPC and ratified by the MAT Board. The main policies are:

- A capitalisation threshold of £1,000
- Straight Line depreciation rates of:
 - i. Leasehold buildings – 50 years
 - ii. Furniture and fittings – 4 years
 - iii. Computer equipment – 3 years
 - iv. Vehicles – 4 years

406 The format of accounts complies with the most recent Charities SORP and Companies Act.

System Access

407 The accounting system is password restricted and passwords will be changed regularly.

408 Access to component parts of the system can also be restricted, and the EBM is responsible for controlling the access levels.

Back-up Procedures

409 The EBM, together with the Academy's IT Team, will ensure that back-up procedures for the system and any other financial records are in place, to minimise the risk of data loss. A remote (off site) back up solution will be utilised.

Transaction Processing

410 All entries in the accounting system must be properly authorised. The procedures for running the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Journal entries must be documented on a journal form (or excel spreadsheet), and authorised by the EBM before entry into the accounting system.

Transaction Reports

411 The EBM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Monthly audit trail reports;
- Master file amendment reports for the payroll, purchase ledger and sales ledger;
- Management accounts summarising expenditure and income against funding allocation at funding allocation holder level.

Reconciliations

412 The EBM is responsible for ensuring the following reconciliations are performed each month by finance staff, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account;
- Purchase ledger control account;
- Payroll control account;
- Petty cash;
- All suspense accounts; and
- All bank accounts.

413 Any unusual or long outstanding reconciling items must be brought to the attention of the EBM. Cheques uncashed after six months should be written back, and reissued if appropriate. The EBM will review and sign all reconciliations as evidence of his or her review. A review of an aged debtors and creditors listing should also be carried out to ensure that long-standing issues are revisited and addressed.

5. Staffing and Payroll

501 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration; and
- Payments.

Staff Appointments

502 The MAT Board will have approved a staffing structure for the Academy. Additions can only be made to this structure with the express approval in the first instance of the F&GPC, who must ensure that adequate funding allocationary provision exists for the increase.

503 The Academy maintains full personnel files for all members of staff. All personnel changes must be notified promptly to the Payroll and pensions section at the LA.

Payroll Administration

504 All staff members are paid monthly, on the 21st of each month.

505 The Academy payroll is administered by Sunderland City Council.

506 A master record is held (via contract) for each employee recording:

- Salary, including pay scale and spine point;
 - Pension details;
 - Part-time hours, including term-time only calculations;
 - Bank account details;
 - Taxation status;
 - Personal details; and
 - Any deductions or allowances payable.
- 507 New master records are created by the Headteacher's PA (both academies) as and when necessary.
- 508 The Headteacher's PA at both academies must complete a monthly staff return showing all sickness and absence and also appointments and departures. Authorised staff returns are sent to the Payroll and pensions section at the LA.
- 509 The Academy will notify the payroll provider of all payroll changes ie starters, leavers, overtime, back-pay and salary changes.
- 510 All salary payments are made by BACS.

Payments

- 511 The EBM/Senior Finance Officer undertake regular monthly reviews of the payroll report to ensure that there are no inconsistencies in the payments and that these are reasonable and agree to the invoice received from the academy's payroll provider. Once the payroll report has been received (usually 2-3 days prior to payment of salaries) the report will be checked for accuracy and authorised by the Senior Finance Officer and EBM. It may not always be possible to report inaccuracies prior to salaries being paid (ie due to holiday periods) but any inaccuracies will be notified as soon as practicably possible.

Other Considerations

- 512 LA Payroll will provide a monthly payroll journal to be authorised by the EBM and posted to the nominal ledger. The EBM and Senior Finance Officer review the payroll control account each month after posting to ensure that there are no unallocated balances.
- 513 The Trust follows the National Joint Council pay structure and all appointments should be made in line with that structure. Annual increases within this structure are determined centrally by reference to national agreements.
- 514 The EBM will ensure that all payments to individuals are processed through the payroll system. Where an individual is self-employed or runs their own company, the Senior Finance Officer will ensure that all necessary steps are taken to mitigate any Inland Revenue implications (or other such legislation in this area).

6. Expenditure and Procurement

601 The Academy wants to achieve the best value for money from all purchases and at all times. This means purchases need to be in the correct quality, quantity and completed within the appropriate timeframe and at the best price possible. Purchases should follow the general principles of:

- Probity - it must be clear that there is no private gain in the Trust's/Academy's contractual relationships;
- Accountability - the Trust/Academy is accountable for its expenditure and the conduct of its affairs;
- Fairness - that all those dealt with by the Trust/Academy are dealt with on a fair and equitable basis.

Routine Purchasing

602 Funding allocation holders will be informed of their funding allocations at the start of the new academic year. It is their responsibility to manage the funding allocation and to ensure that the funds available are not overspent. A print out detailing actual expenditure (including commitments) against funding allocation will be supplied to each funding allocation holder by the Finance team approximately two weeks after the end of each month.

603 All requisitions from funding allocation holders must be made in writing using an official requisition form, stocks of which are held in the staffroom or available electronically on the network. Requisitions must bear the signature of the funding allocation holder and must be forwarded to the Finance Office, which will check to ensure that adequate funding allocationary provision exists and place the order.

604 Orders that are in compliance with the funding allocation are allocated a reference number and dispatched to the supplier by a member of the Finance Team.

605 The funding allocation holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt, the funding allocation holder must undertake a detailed check of the goods received against the goods received note (GRN), and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

606 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Officer will keep a central record of all goods returned to suppliers.

607 All invoices should be sent to the Finance Office. All invoices need to be authorised by the relevant individual before payment procedures are initiated. Invoices are to be authorised according the following principles:

- 608 Invoice receipt will be recorded by the Finance Team on the accounting system. The Finance Officer will check the invoice for the following:
- (a) Invoice arithmetically correct;
 - (b) Invoice posted to purchase ledger;
 - (c) Goods/services received as ordered;
 - (d) Invoice checked to GRN;
 - (e) Prices correct (to within a 5% tolerance of order);
 - (f) Invoice authorised for payment by the correct authority;
 - (g) Payment date;
 - (h) Cheque number/BACS reference.
- 609 In the case of a non-order invoice, funding allocation holders will sign as evidence that the goods/service has been received and the prices are as ordered/requested/agreed.
- 610 Funding allocation holders should do this within one week of receipt.
- 611 If a funding allocation holder is pursuing a query with a supplier, the Finance Office must be informed of the query and periodically kept up-to-date with progress.
- 612 Every two weeks, the Finance Officer will produce a list of invoices due for payment from the purchase ledger and this list, together with supporting documentation, will then be reviewed by either the EBM, Operations Manager or Senior Finance Officer. Payment run authorisations may be made by either the EBM, Operations Manager or Senior Finance Officer.
- 613 The Finance Officer will then input the details of payments to be made to the purchase ledger and generate the payments.

Orders up to £5,000

- 614 Value for money should be considered for all amounts of expenditure, but no formal quotes are required (but may be requested for best value) for spend under £5,000.

Orders Over £5,000 but less than £10,000

- 615 For orders over £5,000 three quotations will be obtained wherever possible for best value purposes. These do not necessarily need to be written quotes, but in any case should be recorded for audit purposes.

Orders over £10,000 but less than £50,000

- 616 Where appropriate, at least three written quotations should be obtained for all orders between £10,000 and £50,000. Written confirmation of oral quotes must be obtained before a purchase commitment is made. Confirmations by email and/or fax are acceptable. Quotes should be attached to purchase requisitions. Where three quotations

cannot be obtained, for instance a sole supplier, this must be approved by EBM or Headteacher in all cases.

Orders over £50,000

- 617 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to formal tendering procedures.
- 618 Orders or contracts with an anticipated value over the EU threshold may be subject to European Procurement Regulations. In these circumstances the DHFR must be contacted before proceeding with the tender.

Forms of Tender

- 619 There are three forms of tender: open; restricted and negotiated. The circumstances in which each should be used are described below.
- *Open Tender.* This is where all interested suppliers are invited to tender. The funding allocation holder must discuss and agree with the EBM on how to advertise e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and avoidance of corruption.
 - *Restricted Tender.* This is where specific suppliers are invited to tender. Restricted tenders are appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs;
 - A large number of suppliers might come forward or the nature of the goods is such that only specific suppliers can be expected to meet the requirements;
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
 - *Negotiated Tender.* The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - The above methods have resulted in either no or unacceptable tenders;
 - Only one or very few suppliers are available;
 - Extreme urgency exists;
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

- 620 Full consideration should be given to:

- The objective of the project;
- Overall requirements;
- Technical skills required to meet the tendering criteria;
- After-sales service requirements;
- Form of contract.

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

Invitation to Tender

622 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

623 An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender;
- Form of response.

Aspects to consider when evaluating the tender

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision;
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs;
- Is there scope for negotiation? If so, the Academy should always aim to achieve best value for money.

Technical/Suitability

- Qualifications of the contractor;
- Relevant experience of the contractor;
- Descriptions of technical and service facilities;
- Certificates of quality/conformity with standards;
- Quality control procedures;
- Details of previous sales and references from past customers.

Other Considerations

- Pre-sales demonstrations;
- After-sales service;
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

624 The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted unless there are exceptional circumstances.

Tender Opening Procedures

- 625 All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, the EBM and/or Headteacher and the responsible funding allocation holder.
- 626 A tender register will be held recording all tenders and hold the names of the firms submitting tenders and the amount tendered. This record must be signed by the people present at the tender opening.

Tendering Procedures

- 627 The evaluation process should involve at least two people with no conflicts of interest in the tender.
- 628 Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.
- 629 Full records should be kept of each tender evaluation and a report should be prepared and considered in line with purchasing approval limits highlighting the relevant issues and recommending a decision.
- 630 Where required by the conditions attached to a specific grant (eg from the DfE), the grantor's approval must be obtained before acceptance of a tender.
- 631 The accepted tender should be the one which offers best value for the Academy and should be the one of lowest value unless there are exceptional circumstances. If the

lowest value tender is not awarded the waiver must be approved by the GB. The tender evaluation must give sufficient detail and evidence for the waiver.

7. Income

- The main sources of income for the Academy are:
- Grants from the DfE/LA for general and specific purposes;
- Grants from other Government Agencies or other organisations for specific purposes and programmes;
- Meals income;
- Off-site trip income;
- Lettings income;
- Bank interest.
- Miscellaneous – ties, planners etc.

701 When income is received it is logged onto an income spreadsheet under each category of income i.e. trips, miscellaneous etc. and logged against the appropriate nominal code. This includes petty cash replenishments. A numbered bank paying in slip is attached to the spreadsheet and reconciled to the amount being paid in. Payments received by cheque are also logged and a copy of the cheque is attached to the spreadsheet. The spreadsheet is printed off and retained and filed with any supporting receipts and/or documentation.

DfE Income

702 The main recurrent grants from the DfE are paid monthly around the 1st of each month.

703 Notification of the level of grant is usually received around March in the year before the financial year in question. Some grants are granted on a financial year basis of April to March and are therefore not notified until later in the year. Estimates may therefore be required to meet funding allocation deadlines.

704 Insurance grants are based on reimbursing actual costs, and therefore should be estimated for funding allocation purposes.

Off-Site Trips

705 An appropriate person must be appointed for each trip to collect the money due from pupils. The appropriate person should prepare a list of the pupils going on the trip and the amount due from each. A copy of the list should be given to the Finance Officer.

706 Pupils should make payments to the appropriate person who should forward the payment to the Finance Office (if not collected directly by the Finance Office). Receipts will be given where applicable.

707 The Finance Officer should keep a copy of each trip list showing amounts paid and outstanding. This record should be copied weekly to the appropriate person, who is responsible for chasing outstanding amounts.

Lettings

708 The Academy may from time to time let premises to other organisations, subject to such lettings not clashing with the timetabling of the Academy. Any letting of the Academy's premises may be either commercially or community motivated.

709 New long-term letting proposals must be approved by the Leadership team. A financial analysis must be prepared showing the expected income and related costs. The Leadership team must approve lettings which will not cover the direct occupancy costs of the letting (staff overtime, cleaning, utilities etc) since these lettings amount to an application of Academy funds.

710 The Operations Manager/Site Supervisor (IR) is the appointed person at both academies to deal with lettings and acts as the 'Lettings Co-ordinator'.

711 The Lettings Co-ordinator is responsible for maintaining booking records and for calculating the sums due. Advance payments to be decided by the EBM/Lettings Co-Ordinator as applicable.

712 The Lettings Co-ordinator should liaise with others to avoid timetable clashes. Where possible, lettings should be arranged to minimise overtime costs, for example, by scheduling two letting activities in different areas of the Academy at the same time.

713 The Lettings Co-ordinator should provide details of organisations using the facilities to the Finance Officer, who will establish a sales ledger account and produce sales invoice(s) from the accounting system.

714 Academy users should be advised to send all payments to the Finance Office.

715 Invoices will be raised to community users on a monthly basis and posted onto SAGE where they will become debtors until income is received and allocated against the corresponding invoice. All cash income for lettings will be receipted and reconciled accordingly and then paid into the academy's main bank account.

Custody

716 Receipts should be issued for all cash and cheques received wherever possible. Cash and cheques must be kept in the Finance Office safe until banked.

717 Monies collected must be banked in their entirety. However it is possible to replenish petty cash from such receipts so long as this is adequately recorded so that income is not understated.

Bank Interest

- 718 The Academy will receive bank interest on all amounts held in their interest bearing account. The ability to generate high levels of interest will however be limited and mainly only achievable in the first few of years of operation when start-up funds are received.

8. Cash Management

Bank Accounts

- 801 The Academy operates two accounts, one current and one deposit for the main school funding allocation and one account for private funds known as School/Private Fund. It is not anticipated that further accounts will be required. The opening of any further accounts must be authorised by the F&GPC who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque-signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.
- 802 The funds in the current account are swept nightly into the deposit account to maximise the interest earnings.

Deposits

- 803 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit;
 - A reference, such as the number of the sales invoice or receipt or the name of the debtor.

Payment Procedures

- 804 All cheques must be signed by two of the following:
- The Executive Headteacher/Accounting Officer /Headteacher/Executive Business Manager (VB);
 - The Executive Headteacher/Accounting Officer/ Headteacher/Executive Business Manager/Deputy Headteacher (IR)
- BACS payments will be authorised by either:
- The Executive Headteacher/Accounting Officer
 - The Headteacher
 - Executive Business Manager
 - Operations Manager
 - Senior Finance Officer

805 This provision applies to all accounts, public or private, operated by or on behalf of the Trust. Authorised signatories must not sign a cheque relating to goods or services for which they are the recipient.

806 The Finance Officer will then stamp the invoice paid.

Administration

807 The Senior Finance Officer must ensure bank statements are received regularly and reconciled at least monthly. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the nominal ledger;
- Reconciliations are prepared by the Finance Officer;
- All reconciliations are reviewed by the EBM/Senior Finance Officer;
- Reconciliations are subject to an independent review carried out by the Internal Assurance Officer; and
- Adjustments arising are dealt with promptly.

808 Where cheques are in use:

- They must be crossed “account payee only”
- They must not be pre-signed;
- All unused cheques must be retained securely.

Cash Flow Forecasts

809 The Senior Finance Officer is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover its obligations. These will be reviewed by the EBM. If significant surplus balances are forecast, steps should be taken to invest the surplus. Similarly appropriate plans should be made in the event of a forecast shortage.

Investments

810 If the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. Investments may however only be made in accordance with procedures approved by the F&GPC. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need F&GPC approval.

811 Investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, including the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure that income receivable is actually received.

Petty Cash Accounts

- 812 The Academy maintains a maximum cash balance of £1,000 at any one time to meet unexpected payments and reimbursements with short notice. The cash is administered by the finance team and is kept in the Finance Office safe.
- 813 For security, the keys to the safe are only held by the EBM and Finance Officers.
- 814 The preferred maximum reimbursement through petty cash is £250 but from time to time circumstances may dictate the payment of a higher amount i.e. where staff are away from site attending conferences for example.
- 815 All requests for petty cash must be authorised and a funding allocation code given by the appropriate funding allocation holder on the receipt to be reimbursed. This authorisation must be given at the time petty cash is withdrawn.
- 816 Petty cash withdrawals require a signed acknowledgement for the funds withdrawn from the person receiving the funds through a petty cash voucher.
- 817 The petty cash fund is reconciled monthly, where the total signed acknowledgements and the total cash must equal the approved holding balance. The Finance Officer is responsible for reconciling the petty cash.
- 818 Petty cash reconciliations are reviewed and countersigned by the EBM and Senior Finance Officer.

Deposits

- 819 The only deposits to petty cash should be from cheques cashed or generated cash sales to top up the box. Deposits should be recorded in the petty cash account with the date, amount and a reference, normally the cheque number.

Payments and Withdrawals

- 820 In the interest of security, petty cash payments will be limited to £250 wherever possible, however there may be circumstances where this is not feasible . Higher value payments should be made by cheque or BACS.

Administration

- 821 The Finance Officer is responsible for entering all petty cash transactions onto SAGE.

Physical Security

- 822 Petty cash should be held in a locked cash box that is kept in the safe overnight. Keys to the safe should be held on the responsible officer's person.

Credit Cards

- 823 To aid purchases where the best deals do not allow for purchase on invoices (i.e. internet purchases) the Academy will be provided with credit cards in the name of the Executive Headteacher/Accounting Officer and Executive Business Manager (for the Trust), at Venerable Bede CE Academy (Headteacher, Assistant Headteachers, Finance Officer x 3) and at Ian Ramsey CE Academy (Headteacher, Assistant Headteachers, Assistant Business Manager, Finance Officer x 2, Facilities Team staff, Administration staff, IT /D&T Technicians).
- 824 A full reconciliation should be carried out on receipt of the monthly statement. The same level of proof of purchase is required as with other payments, so receipts and print-outs of online purchases should be kept and attached to the statement.
- 825 There may be certain circumstances where staff may be required to use their own credit card – ie overseas trips (where payments cannot be made in advance). This is to be used only where all other means of payment have been exhausted, Receipts must be retained for re-imburement.

Expenses

- 826 With all expenses, proper consideration needs to be given when incurring costs that you wish to be reimbursed. Expenses will only be paid if they are wholly and necessarily for the benefit of the Academy, rather than the individual.
- 827 Wherever possible expenditure should be incurred on the basis that the supplier will invoice the Academy following delivery. It is acknowledged, however, that on occasions it will be necessary to pay by cash. In exceptional circumstances a cash advance can be given out by the Finance Officer to cover expenses. This must be logged on the petty cash slip which should be retained in the pc tin.
- 828 Once the expenditure has been incurred, then the relevant receipts need to be submitted to Finance, along with the correct change.
- 829 If the expenditure has been incurred without a cash advance then a petty cash slip needs to be completed and submitted to Finance for reimbursement, along with the relevant receipts. If receipts are not submitted, or a reasonable explanation for the absence given, then it cannot be taken for granted that the costs will be reimbursed.

- 830 All petty cash slips must be approved by either the funding allocation holder, Operations Manager, Senior Finance Officer or the EBM.
- 831 Reimbursements of expenses incurred will usually be made by cheque or BACs.
- 832 Expenses should only be incurred once the expenditure has been approved by the relevant funding allocation holder.

Expenses – Travel and Subsistence

- 833 There will be occasions when staff will need to travel on Academy business. All reasonable expenses incurred whilst on such business will be reimbursed. It is the responsibility of the traveller, however, to ensure that such costs are warranted and minimised.
- 834 For national and international travel, standard class public transport should be used.
- 835 Private cars may be used if this is more convenient/cost effective, and will be reimbursed at the appropriate rate. The congestion charge may also be reimbursed, if relevant.
- 836 Where overnight accommodation is required, the appropriate expected standard is three star or equivalent. Whilst on Academy business, reasonable living expenses will be reimbursed. This would include all meals, but not alcohol.
- 837 Receipts must be kept to facilitate reimbursement. There can be no guarantee of reimbursement where receipts have not been submitted.
- 838 All travel plans should be agreed in advance with the relevant funding allocation holder.

9. Fixed assets

Purchase of Assets

- 901 All assets purchased with an individual value over £1,000 must be entered in the asset register.

Asset Register

- 902 The Asset Register helps:
- Ensure that staff take responsibility for the safe custody of assets;

- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective use of assets and plan for their replacement;
- External auditors to audit the annual accounts and the financial systems;
- Support insurance claims in the event of fire, theft, vandalism or other mishaps.

903 The Asset Register should include the following information:

- Date of acquisition;
- Description of the asset including serial number or other identifying details;
- Cost;
- Source of funding (if purchased from restricted funds);
- Location of asset;
- Expected useful life of asset;
- Staff member or department responsible.

904 The Asset Register is to be kept up-to-date and reviewed regularly. At least once a year a spot check should be made that assets exist and have been recorded correctly.

Security of Assets

905 All assets on the register should be permanently and visibly marked as Academy property, and there should be a regular (at least annual) count by someone other than the person maintaining the register.

906 Discrepancies between the physical count and the register should be investigated promptly and, where significant, reported to the EBM.

907 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access stores.

908 If applicable, items used by the Academy, but not owned by the Academy, should be recorded as such.

Disposals

909 Items to be sold or disposed of must be authorised for disposal by HOD or EBM/Headteacher and, where they have significant value, should be sold by competitive tender or auction. If the estimated value of the asset exceeds £500, the EBM should obtain the Headteacher's approval before proceeding. If the value is over £5,000 it must be agreed by the F&GPC before proceeding, and if over £10,000 by the MAT Board.

910 The Academy must obtain DfE approval in writing if it proposes to dispose of an asset for which capital grant of more than £25,000 was paid.

- 911 Disposal of equipment to staff is not encouraged, as it may be more difficult to prove that the Academy obtains value for money. In addition, there are complications with the disposal of computer equipment, as the Academy has to ensure that software licences are transferred legally to the new owner.
- 912 The Academy is expected to re-invest proceeds from sales of assets for which capital grant was paid in other Academy assets. If sale proceeds are not reinvested then the Academy must repay a proportion of the sale proceeds to the DfE.
- 913 All disposals of land must be approved in advance by the Secretary of State.
- 914 The form for seeking approval for the disposal of an asset can be obtained from the EBM.

Loan of Assets

- 915 Academy property may not be removed from the premises without the authority of the HOD/EBM or Headteacher. The loan must be recorded electronically by the EBM and the date noted when returned. Equipment will be used for the sole benefit of the Academy and not for personal use. Separate procedures will apply where appropriate (for example mobile phones).

Attractive Items Register

- 916 Items which fall under the de-minimus level for capital expenditure (under £1,000) still represent an investment by the Academy, and in some cases it is desirable to monitor these items in a similar way to capital purchases. In this instance, an Attractive Items Register may be used. This details information such as cost, serial number, responsibility and location. This can be used for items such as digital cameras, camcorders, printers etc. It is the responsibility of the Senior Finance Officer to maintain the register if required.

Premises

- 917 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the EBM and Facilities Manager/Building Supervisor/Caretakers to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 918 Damage should be reported to the Operations Manager/Site Supervisor (IR) who will take appropriate action. The F&GPC must approve repairs and replacements over £10,000, and the MAT Board over £25,000 unless there are exceptional and urgent circumstances, in which case the EBM should obtain the approval of the Chair of the Committee, or in his/her absence, any member of the F&GPC may provide the relevant approval.

- 919 The Academy should have a regular condition survey linked to an asset management plan to ensure that buildings are maintained appropriately and irregular expenditure is funding allocated for accordingly.

10. Contracts (including Leases)

- 1001 Any non-routine tenders or purchases, such as leases, are subject to a contract between the Academy and the supplier which is to be signed *before* the contracted work begins or the delivery of goods.
- 1002 The contract(s) should clearly set out (as applicable):
- The scope of work with detailed and accurate specifications;
 - The timeline and completion date of the work(s);
 - Dates for completion of works;
 - Quality controls on work(s);
 - The agreed fees/charges and payment date(s);
 - Specification of the goods to be delivered (as applicable);
 - In the case of a lease, whether it is an operating or finance lease (finance leases should be avoided as they are akin to borrowing and not usually allowed by the DfE).
- 1003 The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque.
- 1004 Copies of all contract documentation must be filed in a Contracts/SLA Register.

11. Insurance

- 1101 Insurance costs are currently procured either through the LA insurance section or through the ESFA RPA (please refer to relevant DfE documentation).
- 1102 Cover arranged currently includes:
- Buildings;
 - Contents;
 - Capital works;
 - Loss of cash;
 - Public liability (on and off site);
 - Employer's liability;
 - Off site travel
 - Personal Accident & Travel
 - Governors' liability;

- Professional indemnity;
- Terrorism;
- Business interruption;
- Engineering Inspection;
- Motor Fleet;
- Minibus.
- Legal Cover

12. VAT

- 1201 The Academy has opted not to register for VAT as taxable supplies are expected to be below the relevant registration threshold.
- 1202 The Academy shall monitor its income on a monthly basis and make arrangements to register for VAT should it expect taxable supplies to exceed the registration threshold.
- 1203 Where funding allocation holders are placing orders, the value of the order should therefore reflect the net amount due, the VAT element to be reclaimed, and the gross amount to be paid to the supplier.
- 1204 The accounting system should reflect within expenditure the cost net of recoverable VAT. Recoverable VAT should be debited to the VAT control.
- 1205 It should be ensured that all VAT recovered is supported by an appropriate and valid VAT invoice from the supplier.
- 1206 The Academy shall ensure that VAT is only recovered on appropriate expenditure.
- 1207 The Academy shall keep proper records to justify the proportion of VAT recovered on each category of expenditure.
- 1208 The Academy shall complete the online VAT re-claim form on a monthly basis in the correct format to ensure that recoverable VAT is received on a timely basis.
- 1209 The VAT account balance and monthly reclaim form should be reconciled each time a reclaim is prepared and any discrepancies identified and corrected as soon as they become apparent.

13. Borrowings

General Considerations

- 1301 The Trust/Academy must seek the Secretary of State's approval for both short-term borrowing (including overdraft facilities) and medium/longer-term loans from the private sector (including finance leases), where such borrowing is to be repaid from DfE grant or secured on assets funded from DfE grant. However, the Secretary of

State's normal policy is that Academies should not be granted permission for medium and long term borrowing.

1302 As such, the Academy is unable to use loan financing or similar. An exception to this is credit cards.

14. Year End Procedures

1401 Funding allocation holders will be advised against rushing into commitments at year end in order to use up their funding allocations. The overriding principle at all times should be obtaining value for money, and if that means a delay while the best deal is sought, pushing expenditure into the following year, then this should be followed and accommodated. Ideally, however, expenditure should be planned during the year.

1402 The Finance Team will operate a purchase order system in order to be able to track commitments and apply expenditure to the year to which it relates.

1403 In conjunction with the auditors, the finance team and EBM will prepare the statutory accounts. In order to complete this task, a number of schedules are required:

- Aged debtors listing;
- Aged creditors listing;
- Fixed Asset Register, also detailing all additions and disposals;
- Staff numbers in year, FTE by type (teachers, admin and support, projects and management);
- Prepayments schedule;
- Accruals schedule;
- Accrued and deferred income schedules;
- Year end bank and petty cash reconciliations;
- Other income breakdown;
- Listing of numbers of staff being paid over certain thresholds;
- LGPS/TPS statements;
- Lease commitments (expiring under 1 year, 1-5 years, over 5 years);
- Related party transactions listing;
- Capital commitments listing;
- Other information requested by the auditors at the pre year end planning meeting.

1404 The Academy Finance Team will be required to aid external auditors as they will visit the Academy as part of their audit of the accounts. These auditors will be appointed by the F&GPC. The audited and signed accounts will be filed with the DfE, Companies House and the Charities Commission.

15. External Liaison

- 1501 The Academy will have dealings with external bodies such as the DfE, Local Authority and other central government bodies as appropriate.
- 1502 Where areas of expenditure or actions are required to be passed to the Secretary of State for the DfE for their formal approval or notification, then this should be done by the EBM. The areas that this would cover will include:
- any guarantees, indemnities and letters of comfort entered into;
 - write-off of debts or liabilities owed to the Academy over £500;
 - any ex-gratia payments;
 - any freehold sales or purchases;
 - the grant or take-up of any leasehold or tenancy agreement for more than three years;
 - capital disposals with an original cost of over £25,000 financed from DfE sources;
 - any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.
- 1503 The EBM must notify the F&GPC of such expenditure or actions before commitments are made so that statutory obligations can be met.

16. Financial Protection and Malpractice

- 1601 All Trust staff should adhere to the Principles of Ethical Standards in Public Life.

Fraud

- 1602 All staff have a responsibility to protect the assets of the Academy. As such, the Academy ensures that staff have a mechanism by which to report suspected fraud.
- 1603 In addition, the management of the Academy must also have the means to investigate such cases. Please refer to the Academy Reporting and Investigation of Suspected Fraud Policy for more details.

Whistleblowing

- 1604 Whistleblowing inside the work place is the reporting by workers or ex-workers of wrong-doing such as fraud, malpractice, mismanagement, breach of health and safety law or any other illegal or unethical act either on the part of management, ay committee or by fellow employees. Workers may include, for example, contractors and agency workers.
- 1605 The Public Interest Disclosure Act 1998 is designed to protect whistleblowers from detriment and unfair dismissal. The people protected by the Act include workers, employees, third party contractor staff, agency workers and work experience workers.

- 1606 There is a balance to be struck between the right of the individual member of staff to speak freely on a range of matters and the right of the Trust/Academy or colleagues to protect themselves against false and malicious accusations.
- 1607 As such, the Trust has a whistleblowing policy which details how concerns about malpractice may properly be raised within each Academy and if necessary, outside the Academy. For more information please refer to the Trust Whistleblowing Policy, which is available on request.
- 1608 Pupils may also have information which should be raised in the public interest and there should be proper procedures in place for them to air their concerns e.g. a pupils' complaints procedure.