

Essa Foundation Academies Trust

Finance Manual

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Introduction

This Finance Manual is intended to detail the financial regulations of Essa Foundation Academies Trust (EFAT) and to provide governors and staff with guidance and advice on financial regulations and good practice.

Scope

The Finance Manual incorporates the Academies Financial Handbook, which is included as **Appendix A**. This Manual follows the general structure of the Handbook to assist with cross-referencing and where appropriate, [the wording of the Handbook is included with in the main body of this manual in blue.](#)

The Memorandum and Articles of Association also govern the business of EFAT and are included as **Appendix B**.

EFAT is a company limited by guarantee and an exempt charity. As such, it must comply with company legislation and legislation or other regulations relating to charities.

EFAT is bound by the terms of the Funding Agreement between Essa Foundation and the Department for Education.

This Finance Manual also sets out EFAT's internal financial regulations, covering financial management and control. At local governing body level, this includes budgeting, monitoring and reporting, purchasing, internal and external audit, payroll, income generation and asset management.

Academies Financial Handbook Initials

For information, the Academies Financial Handbook uses the following initials:

AO – Accounting Officer

ARC – Audit and Risk Committee – reports to EFAT Board

AT – Academy Trust

EFA – Education Funding Agency

EFAT – Essa Foundation Academies Trust

FA – Funding Agreement

FD – Finance Director

FGP – Finance and General Purposes Committee

MAT – Multi-Academy Trust (EFAT)

Roles and Responsibilities:

Responsibilities of Trustees of the Academy Trust (EFAT)

“The board of trustees of the academy trust has wide responsibilities under statute, regulations and the funding agreement. Principally, it is responsible for ensuring that the trust’s funds are used only in accordance with the law, its articles of association, its funding agreement and this handbook. The board of trustees has wide discretion over its use of the trust's funds, which it must discharge reasonably and in a way that commands broad public support. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

Academy trusts are companies limited by guarantee and exempt charities. The board of trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure the proper governance and conduct of the trust. The key requirements are reflected in the articles of association, the funding agreement, and this handbook. The trust should be aware of the Charity Commission’s guidance for trustees **CC3: The Essential Trustee: What you Need to Know** and the other guidance listed in Annex D. In addition the Charity Commission website is a good general resource on the proper conduct and operation of charities.

The board of trustees must understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:

- act within their powers;
- promote the success of the company;
- exercise independent judgement;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- not to accept benefits from third parties; and
- declare interest in proposed transactions or arrangements.

These duties are especially relevant when entering into transactions with connected parties".

Responsibilities of the academy trust's Accounting Officer

“Each academy trust must designate a named individual as its accounting officer. The individual must be a fit and suitable person for role. In trusts comprising a single school this should be the principal (the head teacher). In multi-academy trusts it should be the chief executive or executive principal. The appointment of an accounting officer does not remove the responsibility of trustees, both individually and as a board, for the proper conduct and financial operation of the trust.

The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to EFA's accounting officer, for the financial resources under the trust's control. Accounting Officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- **regularity** - dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this Handbook, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;
- **propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;
- **value for money** – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the handbook and the funding agreement. The accounting officer must advise the board in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or this handbook. Similarly, the accounting officer must advise the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the handbook or funding agreement. Where the board of trustees is minded to proceed, despite the advice of the

accounting officer, the accounting officer must consider the reasons the board gives for its decision. If, after considering those reasons the accounting officer still considers that the action proposed by the board is in breach of the articles, the funding agreement or this handbook, the accounting officer must notify EFA's accounting officer immediately, and in writing.

More detailed guidance on the role of an accounting officer is set out in chapter 3 of HM Treasury's Managing Public Money. HM Treasury's handbook, **Regularity, Propriety and Value for Money** describes what these concepts mean in a financial context. It also describes the 'seven principles of public life', to which accounting officers should adhere."

Financial oversight:

“The academy trust’s trustees and managers should have the skills, knowledge and experience to run the academy trust”.

EFAT’s Articles and Memorandum of Association and Scheme of Delegation detail the responsibilities and delegation of the EFAT Board and its committees and local governing bodies. These documents are included as Appendices to this manual

Board of Trustees

The EFAT Board of Trustees has overall responsibility for the administration of the academy’s finances. The main financial responsibilities of the governing body are prescribed in the Funding Agreement between the MAT and the DFE and in the MAT’s scheme of governance. The terms of reference of the Board are set down within the Memorandum and Articles of Association. The main responsibilities include:

- Ensuring probity and proper financial management within the Trust;
- Approval of the Scheme of Financial Delegation;
- Approval of the annual financial statements;
- Approval of the MAT’s annual budget (to be minuted);
- Ensuring value for money;
- Appointment of a Chief Executive to act as ex-officio trustee and Accounting Officer, ensuring proper and effective financial management;
- Having a quorate meeting at least once a term, clerked by a clerk who is not a trustee, governor or principal;
- Appointment of a Principal Finance Officer who is the MAT’s Finance Director;
- Ensuring that grants from EFA and other bodies are used only for the purposes intended;

Accounting Officer (CEO)

The CEO is the MAT’s Accounting Officer and under the guidance of the EFAT Board is responsible through the Governing Body to the Secretary of State and Parliament for the proper financial management of the MAT. This includes ensuring that proper controls are exercised over financial and other assets and that accurate, appropriate and compliant financial and accounting records are kept.

Chief Financial Officer (FD)

“The academy trust must have a chief financial officer (CFO), appointed by the trust’s board, who is the trust’s finance director, business manager or equivalent, to lead on financial matters. The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.”

The CFO within EFAT is the Finance Director (FD). The FD heads up the finance function and provides financial support and advice to the Accounting Officer / CEO, local governing bodies and the EFAT Board. The Finance Director should have the appropriate skills and experience to be able to properly fulfill the role.

The main responsibilities of the FD include:

- Ensuring proper financial management at a strategic and operational level;
- The maintenance of effective systems of internal financial control;
- The establishment and operation of a suitable accounting system;
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the Academy;
- The monitoring of expenditure and the preparation of monthly management accounts;
- The provision of financial advice and support to the EFAT Board, local governing bodies, principals and budget holders;
- Ensuring the Trust’s funding and income is maximized;
- Taking a lead role in facilitating the creation of an annual budget at EFAT and local governing body level;
- Ensuring cost-effective procurement;
- Approving expenditure in line with authorisation limits in conjunction with the Principal or other authorised signatories;
- Technical advice and support on such matters as VAT, Corporation Tax, NI, pensions and insurance;
- Ensuring that forms and returns are prepared and submitted on time to central government and other agencies.
- Ensuring the Trust’s funding and income is maximized.

Local Governing Body

Each academy within EFAT will have a local governing body (LGB), with powers set down under the EFAT scheme of delegation.

The local governing body will have oversight of the development and delivery of education at the academy and will hold the Principal to account. It will be responsible to the EFAT Board for effective financial management, including:

- the setting of a budget within resources delegated by EFAT for approval;
- monitoring spend against budget, ensuring spend is within budget;
- ensuring adequate financial control is maintained;
- ensuring value for money is obtained from academy suppliers.

Local Finance and General Purposes Sub-Committee

The Local Governing Body may establish a Finance and General Purposes Sub-Committee.

The Sub-committee would meet at least once a term but more frequent meetings should be arranged as necessary.

The main responsibilities of the Sub-committee would be detailed in written terms of reference, authorised by the local governing body. The main responsibilities would include the following:

- The initial review and authorisation of the annual budget including the delegation of budget responsibilities to budget managers;
- The regular monitoring of actual income and expenditure against the relevant budget and revised forecast for the year;
- The approval of orders / contracts over £5,000;
- Reviewing and actioning Audit Committee and internal audit reports on the effectiveness of financial procedures and controls.

Budget Holder

The budget holder is responsible for planning the use of their budget resources and monitoring expenditure during the year to ensure value for money. They are specifically responsible for ensuring that they don't overspend their budget.

Financial Planning

“The academy trust must prepare and monitor financial plans to ensure ongoing financial health.”

Annual Budget

The CEO, assisted by the Finance Director is responsible for preparing the annual budget for EFAT.

The Local Governing Body, assisted by the CEO and FD will prepare a balanced budget for approval.

The EFAT Board must approve the budget, prior to the start of the relevant Financial Year.

A three-year budget forecast will be prepared, based on current grant funding regimes and forecast pupil number projections to assist with medium term planning.

The Accounting Officer, on request, must submit the approved budget to the EFA to provide assurance that EFAT is in sound financial health. Any significant changes to the budget should be notified to EFA.

Pooling of General Annual Grant (GAG)

EFAT has the freedom to amalgamate a proportion of GAG to meet the normal running costs at any of its academies, however it must have due regard to the funding needs of each individual academy.

Any proposal for pooling GAG funding will be drawn up as part of the budget planning process – any appeal by LGBs against the proposal will be handled according to EFAT’s appeals mechanism.

Managing Surplus General Annual Grant

“The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.”

Plans for the use of surplus resources should be included within the Trust's budget planning process.

Budget Virements

Amounts under £10k can be vired by the FD / Finance Team. Virements under £20k can be approved by the Principal (local Spend) / CEO (central spend). Amounts over this should be approved by the LGB (local Spend) / Board (central spend). The limit can be set between £20k and £50k depending on local circumstances. Virements exceeding £20k in any one term should be reported to the Board.

It is good practice to note any changes to the budget in budget monitoring reports to governors.

Internal Control and Risk Management

“The academy trust must have in place sound internal control, risk management and assurance processes”.

Audit Committee and Internal Audit

EFAT has established an Audit Committee to review the risks to internal financial control and agree a programme of work to address those risks, inform the statement of internal control and provide assurance to the external auditors.

The terms of Reference include:

- To promote sound corporate governance within the Academy.
- To provide assurance over the Academy’s systems of risk management and internal control.
- To consider and approve arrangements for the provision of internal audit services.
- To consider and approve internal audit strategy and plans ensuring that internal audit activity is appropriately focused, monitored and implemented.
- To receive and comment on internal or external audit reports and oversee the implementation of approved recommendations.
- To report to the Chair of EFAT and bring any matters of concern to the EFAT Board.

To carry out these duties the Audit Committee may procure internal audit services and determine a programme of internal audit work.

The Audit Committee reports to the Chair of EFAT.

Whistle Blower Policy

The Audit Committee should review the Academy’s Whistle Blower policy on a periodic basis, preferably at least every three years. The EFAT Board should approve any changes.

Division of Duties

It is important for the protection of both staff and academy resources that duties are allocated between staff to reduce the risk and suspicion of theft, fraud or other wrongdoing.

The HR Director should have regard to the importance of an appropriate division of duties when creating job descriptions. All staff, particularly those with financial, HR or asset management responsibilities should have regard to the proper segregation of duties when allocating or take on workload responsibilities.

Accounting Policies

The Board should review the Academy's accounting policies prior to the completion of the annual external audit.

Risk Management and Disaster Recovery

The CEO should coordinate the preparation and regular review of EFAT's Risk Management Plan, including an on-going risk assessment and update of the risk register. The CEO should report on risk matters to the Audit and Risk Committee at every meeting.

The CEO should prepare and review EFAT's Business Continuity Plan, working with LGBs, Principals and SLTs – a copy of which should be presented to the Audit and Risk Committee and then to the EFAT Board, preferably on an annual basis. This should include details of ICT systems recovery as well as buildings-related disaster recovery.

Insurance

The CEO and Finance Director are responsible for procuring insurance across the MAT, working with LGBs and Principals to assess cover required. The level and type of cover is approved by the Board.

An independent review of contents and buildings cover should be undertaken at least every five years.

Fraud and Theft

Fraud is by its nature difficult to detect but prevention of fraud and theft should be actively considered when reviewing (amongst others), financial procedures and controls, asset management and the internal audit programme.

LGB Chairs or others should notify the Chair of the Audit and Risk Committee (ARC) or the CEO of instances of suspected or proven fraud or maladministration. The CEO or Chair will oversee any action or investigation and report matters as appropriate, to the ARC or EFAT Board.

The CEO must notify the EFA of any instances of fraud or theft where the value exceeds £5,000 or appears to be systematic.

Financial Monitoring and Management

Financial Reporting

“The governors and managers of the academy trust must monitor the academy trust’s current and forecast financial position”.

The FD will ensure that regular financial monitoring reports are presented to LGBs and the EFAT Board on a regular basis, usually at each meeting.

Budget Monitoring

Budget monitoring reports should be provided to budget holders on at least a half-termly basis and finance staff should provide advice, support and challenge, where necessary.

Accounts Maintenance and Updates

EFAT uses the Sage Accounting system for account and payroll. The Finance Director should ensure that periodic software upgrades are actioned.

The Finance Director should ensure that the internal Sage modules are reconciled to the internal Nominal Ledger on a monthly basis.

Purchasing and Procurement

EFAT wants to achieve the best value for money from all purchases. These purchases will generally be paid for with public funds and the integrity of these funds should be safeguarded by following the general principles of:

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

The table below defines the purchasing authorisation limits and the associated tender process.

Secondary Academies		
Purchase Value	Authorisation	Tender Process
Up to £1000	Budget Holder	Selection, where appropriate from preferred supplier list.
£1,000 to £10,000	Budget Holder and Deputy Principal, Principal or FD	3 quotations to be sought
£10,000 to £50,000	Local FGP / LGB	Formal tender process
£50,000 to EU Procurement Threshold	LGB	Formal tender process
Goods and Services over £172,000 (excl VAT) or construction works over £4,322,000 (excl VAT)	EFAT Board	EU Procurement rules apply, except if procurement is through Crescent Purchasing Consortium or similar

Primary Academies		
Purchase Value	Authorisation	Tender Process
Up to £1000	Budget Holder	Selection, where appropriate from preferred supplier list.
£1,000 to £10,000	Budget Holder and Deputy Principal, Principal or FD	3 quotations to be sought
£10,000 to £50,000	Local FGP / LGB	Formal tender process
£50,000 to EU Procurement Threshold	LGB	Formal tender process
Goods and Services over £172,000 (excl VAT) or construction works over £4,322,000 (excl VAT)	EFAT Board	EU Procurement rules apply, except if procurement is through Crescent Purchasing Consortium or similar

Central Services		
Purchase Value	Authorisation	Tender Process
Up to £1000	FD	Selection, where appropriate from preferred supplier list.

£1,000 to £10,000	CEO or FD	3 quotations to be sought
£10,000 to £50,000	EFAT Board	Formal tender process
£50,000 to EU Procurement Threshold	EFAT Board	Formal tender process
Goods and Services over £172,000 (excl VAT) or construction works over £4,322,000 (excl VAT)	EFAT Board	EU Procurement rules apply, except if procurement is through Crescent Purchasing Consortium or similar

The CEO or Finance Director may suspend any proposed purchase that has not been approved by an AT Committee if, for example, in his or her opinion the tendering process is flawed, there is insufficient budget, it is an inappropriate use of the budget, there are significant commitments or obligations additional to the purchase, the purchase does not represent value for money, Academy policies or procedures would be breached or grant conditions would be contravened. If a purchase has been suspended the CEO or Finance Director will discuss his or her concerns with the purchaser and attempt to reach a compromise. If not, the CEO or Finance Director will email the reasons for the suspension to the purchaser with a copy to the Principal.

Use of the EU procurement procedure can be avoided if contracts are procured through Crescent Purchasing Consortium or a number of government purchasing arrangements, where framework agreements with suppliers have already been subject to EU procurement.

The MAT may decline to pay for any purchases that are not properly authorised.

Purchase Order

A purchase order should be completed for goods and services, (excluding regular expenditure such as monthly contract payments, phone, utility bills and franking machines).

This document forms the basis of the approvals process and the MAT may decline to pay for any purchases that are not the subject of a purchase order.

Procurement

All procurement should be undertaken with a view to achieving best value.

Budget holders are responsible for ensuring that they have enough within their budget to fund the purchase.

Orders under £500 may be procured by approaching one supplier but in some circumstances it may be appropriate to seek more than one quotation. A purchase order must be completed and submitted to the Finance Team who will then place an order.

Orders between £500 and £1,000 should be procured either by selecting a supplier from a preferred supplier list (if extant) or preferably, by seeking 3 quotations. Once approved, a purchase order should be completed and submitted to the Finance Team.

Orders over £1000 and under £10,000 should be procured by seeking three quotations wherever possible. Use of the Invitation to Tender document – see **APPENDIX D** may be appropriate and will assist in providing the sort of information that suppliers may otherwise request. Once approved, a purchase order must be completed and submitted to the Finance Team, who will then place an order.

Orders over £10,000 must be approved by the relevant committee prior to the placement of any contract. The Finance Director will submit a procurement request to the Chair of the committee for consideration at the next meeting. The Invitation To Tender Document should be used unless there are justifiable reasons not to do so - see **APPENDIX D**. Once approved, a purchase order must be completed and submitted to the Finance Team who will then place an order.

Orders over £172,000 (£4,322,000 – building works) must comply with EU procurement rules. The Finance Director will advise on the best course of action to take. Once approved, a purchase order must be completed and submitted to the Finance Team who will then place an order.

Cash Management:

Bank Accounts

New bank accounts should be approved by the EFAT Board.

Bank reconciliations should be undertaken on at least a monthly basis. The reconciliation should be reviewed and signed by the Finance Director.

Going overdrawn or making use of an overdraft should be avoided wherever possible. A monthly cashflow should be prepared to ensure that adequate cash is available to fund the cashflow needs of the Academy.

Cash should be held securely on site, preferably in a safe and should be banked on at least a weekly basis whenever possible.

Payment Authorisation

The following are permitted to be a bank signatory and authorise payments:

CEO
Chair of Governors
Deputy Principal
Finance Director
HR Director
Principal
Sponsor Governor
Trustee

The following signatory / authorisation limits apply:

Up to £10,000 – Any one of two signatories, including Deputy Principal or Principal.

Over £10,000 – Principal / CEO plus one of Trustee/ Chair of Governors.

Petty Cash and Expenses Claims

Petty Cash should be reconciled on a monthly basis. The reconciliation should be reviewed by the Finance Director.

Expense claims should be authorized by the budget holder prior to payment. Any claim over £30 should be authorized by the Finance Director.

Claims under £30 may be paid in cash, claims over £30 should be paid by cheque or BACS payment.

The deadline for submission of expense claims is the Half Term following the term in which the expense is incurred.

Loans

Academies are not allowed to take out a loan without the approval of the Secretary of State. This includes agreed overdrafts and financial leases. Credit card balances should be paid off promptly, following receipt of the statement.

Income

Revenue and Capital Grant Income

Grant income must be spent in accordance with relevant grant conditions.

Applications for grants should be approved by the Board, who should gain assurance that there are no unreasonable grant conditions.

The EFAT Board should approve any application for a capital grant or building / major repairs and maintenance scheme. The nature of the scheme will determine who develops the application or project – it is likely to involve the LGB, CEO and Principal(s).

(It should be noted that Academies are not allowed to borrow without the Secretary of State's approval).

Sales

A sales order should be raised for any goods or services ordered from the Academy. A sales invoice should be raised in accordance with the Academy's terms and conditions of sale and sent to the Purchaser.

Any potential costs or liabilities should be considered prior to any sale. These will be charged to the sale.

Any potential business venture should be approved by the Principal and if significant, should be approved by the LGB.

Lettings and Fees

Any letting or fee charged should be in line with the Trust's Lettings and Fees Policy.

Overpayments and Debt Recovery

The Finance Director should monitor sales and debt recovery and make all reasonable efforts to recover any amounts due to the Academy. Monitoring of the levels and age of debt should be included within monitoring reports to LGBs and EFAT Board.

Liabilities and Write Offs

The academy trust must obtain EFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses and any uncollected fines; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits are:

- 1% of total annual income [per latest audited accounts] or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any ATs that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any ATs that have submitted timely, unqualified financial returns for the previous two financial years.
- Beyond these limits the AT must seek and obtain explicit and prior approval of the Secretary of State, through the EFA, to the transaction".

The LGB may approve write offs of debts or losses up to £1000. The Board approves write-offs over £1000.

Losses should only be written off after all reasonable action has been taken to recover the debt.

Gifts and Hospitality

“The trust should have a policy on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their personal judgment or integrity; and should ensure that all members of staff are made aware of this. When giving gifts, the trust must ensure that the decision is fully documented and has regard to the propriety and regularity of the use of public funds.”

The Board is responsible for developing and implementing a Gifts and Hospitality Policy. The Principal / CEO and the governor responsible for governance are responsible for ensuring that staff and governors follow the policy.

Payroll

Joiners

The addition of any new member of staff to the payroll must be authorised by the HR Director, who should authorise the terms and conditions, including hours, grade and scale point.

Leavers

Removal of leavers from the payroll must be authorised by the HR Director.

Overtime

Staff must sign for overtime and this must be approved by the relevant line manager.

Honorarium

The award of an honorarium should normally be as the result of exceptional circumstances and should be approved by LGB.

New Posts

New posts should be approved by the LGB who should gain assurance that sufficient budget exists to fund the post.

Salary Increases

Salary increases should be made in line with the Pay and Remuneration Policy.

Payroll Approval Reconciliation and Review

The Finance Director should approve payroll payments and ensure the payroll is reviewed for reasonableness on a monthly basis and reconciled to forecast payroll expenditure on a quarterly basis.

The HR Director should ensure that payroll payments comply with the terms and conditions of each post.

Membership of Professional Bodies

The academy will not reimburse staff for costs incurred in paying for membership of professional or learned bodies unless the joining of such a body is essential to the delivery of the curriculum and the staff member has been specifically asked to join by the Principal.

Fixed Assets

Capitalisation Threshold

The capitalisation threshold is currently £500.

The Board should review the threshold as part of its annual review of accounting policies.

Asset Management

The Finance Director should ensure that the Academy's asset register is maintained and an asset audit performed annually. Assets should be readily identified against an entry in the register. The Finance Director should ensure that the asset register is maintained for both accounting and insurance purposes.

Additions, Disposals and Write Offs

The local FGP / LGB may approve any proposals to purchase assets above £5,000 or where payment for the asset will extend beyond one year. Any asset purchased must comply with the Academy's rules on procurement.

The LGB may approve disposals up to £10,000, the Board must approve amounts greater than this.

Asset write offs are subject to the limits detailed in **Liabilities and Write Offs**.

Staff Severance and Compensation Payments

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

- Whether such a payment is justified, based on a legal assessment of the chances of the AT successfully defending the case at tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be successful then a settlement should not be offered; and
- If the settlement is justified, the trust would then need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (eg an Employment Tribunal) is likely to award in the circumstances. .

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where

legal advice is that the claimant is likely to be successful in an employment tribunal claim. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

Compensation Payments

Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If an academy trust is considering making a compensation payment it must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

The MAT may self-approve individual staff severance or compensation payments where any non-statutory or non-contractual element is less than £50,000, otherwise approval must be sought via the EFA.

Any severance payments must be in line with EFAT's Staff Severance and Compensation Payments Policy.

Asset Sales, Leases and Tenancy Agreements

Academy Trusts must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following transactions:

- Acquiring or disposing of a freehold on land or buildings;
- taking up a finance lease;
- granting a leasehold or tenancy agreement, regardless of length; or
- taking up any leasehold or tenancy agreement for more than five years.

The Governing Body should approve any freehold sale or purchase, granting of a leasehold or tenancy agreement or the taking up of any leasehold or tenancy agreement for more than 3 years.

The HR, Finance and Buildings Sub-committee should approve the taking up of any leasehold or tenancy agreement for less than 3 years.

Value for Money Statement

The academy trust's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be sent to the EFA and also be placed on the DfE's website.

Investments

The Board should review the Trust's investment policy on a regular basis - the EFAT Board must approve any changes.

Proper and Regular Use of Public Funds:

Use of Public Funds

“Academy trusts must ensure that:

- spending has been for the purpose intended and there is probity in the use of public funds;
- spending decisions represent value for money, and are justified as such;
- internal delegation levels exist and are applied within the trust;
- a competitive tendering policy is in place and applied; and
- relevant professional advice is obtained where appropriate, including that of their external auditor where necessary.

Academy trusts must be even-handed in their relationships with connected parties by ensuring that:

- trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements;
- all members, trustees, local governors of academies within a multi-academy trust, and senior employees have completed the register of interests retained by the trust, in accordance with sections 3.1.16 to 3.1.19 of this handbook, and there are measures in place to manage any conflicts of interest;
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust;
- there are no payments to any trustee by the trust unless such payments are permitted by the articles, or by express authority from the Charity Commission (which will be given only in exceptional circumstances) and comply with the terms of any relevant agreement entered into with the Secretary of State.

Trusts will in particular need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest;

- the Charity Commission's prior approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee; and
- any payment provided to the persons referred to in section 3.2.1 satisfies the 'at cost' requirements in this handbook."

The MAT must pay no more than cost for goods or services provided to it by a member or trustee of the MAT or organisation or person connected to the member or trustee. There is a de minimis limit of £2500.

Register of Interests

A register of the business interests of each EFAT Board member, Governor and member of staff with significant financial responsibilities should be maintained by the Clerk to the Governors and should be available for inspection at each meeting of the Governing Body or EFAT Board. The register is also open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation, which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse, or business partner, where the person could exert influence over a governor or a member of staff.

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or meeting.

Details must be disclosed on the AT's website.

Appointment of External Auditors

The appointment of external auditors should be via competitive tender and must be made in writing via a letter of engagement, setting out the terms of

the contract for external audit. This must provide for the removal of auditors before the expiry of the term of office, in exceptional circumstances.

The EFAT Board should confirm the reappointment of external auditors annually and review the letter of engagement.

When a decision is taken not to re-appoint the academy's existing auditors, copies of all notices relating to the meeting that will confirm their removal must be sent to them by the Clerk to the EFAT Board. The outgoing auditors are entitled to attend the meeting and be heard on any matter that concerns them as former auditors of the academy. Copy of notices of such a meeting must also be sent to the EFA by the Board. Any decision to remove or accept the resignation of external auditors must be notified to the EFA.

Five-yearly Tendering:

The audit of the academy should put out to tender at least every five years. The MAT's normal procedures for tendering must be followed with the following differences:

- The tendering process will be overseen by the Audit Committee who will recommend a final decision to the EFAT Board; and
- Three short-listed firms must be interviewed.

Regularity Audit

The Trust's Accounting Officer is personally responsible to Parliament for ensuring public money is spent for the purposes intended by government, appropriate standards of conduct, behaviour and corporate governance are maintained, value for money is obtained and resources are used efficiently and effectively.

A statement to this effect by the Accounting Officer is included in the Annual Report and this is then audited by external auditors who report both to the Board and to the Secretary of State via the EFA.

Annex - Essa Academy Invitation to Tender

ESSA FOUNDATION MULTI-ACADEMY TRUST

INVITATION TO TENDER / QUOTATION

DETAILS

- Registered Office Lever Edge Lane
 Bolton
 BL3 3HH
- Company Number 06731593
- Registered Charity 1127085
 Number:
- Address: Lever Edge Lane
 Bolton,
 BL3 3HH
- Telephone:
- Principal:
- Contact for tender /
 quotation:
- Email:
- Tenders / quotations to
 be received by post or
 email by 23:59 on:

SPECIFICATION OF SERVICES / GOODS REQUIRED

(Amend or delete sections were appropriate)

Introduction / Background:

Scope and Objectives of Procurement:

To procure

Technical Requirements:

Bidders to quote excl. VAT for

No contract exclusivity.

Implementation Requirements:

Contract to start on

After sales support:

The supplier to provide a contract manager to liaise with the Academy on a regular basis.

ESSA FOUNDATION MULTI-ACADEMY TRUST

INVITATION TO TENDER / QUOTATION

Other:

Any contact with should be via email to the named contact.

Bidders will be offered a 45-minute meeting to allow them to discuss their offer and clarify any issues around the bid.

Any information or clarification provided to one bidder will be provided to all bidders anonymously.

Detailed discussions or negotiations with bidders will not be permitted during the selection process.

A brief email will be sent to failed bidders listing reasons for the failure. No further discussion or explanation will be available.

ESSA FOUNDATION MULTI-ACADEMY TRUST

INVITATION TO TENDER / QUOTATION

INFORMATION REQUIRED IN TENDER / QUOTATION BIDDER INFORMATION

Company Name	
Registered Office	
Company Number	
Contact Name	
Telephone	
Email	
Please confirm and give details of any conflicts of interest or related parties within Essa Academy or EFAT	

TENDER / QUOTATION

Please detail how you would fulfill the terms of the tender / quotation, including price, description of services and / or goods supplied terms and conditions, alternative proposals etc. (this can be supplied separately if necessary):

ESSA FOUNDATION MULTI-ACADEMY TRUST

INVITATION TO TENDER / QUOTATION