

Finance Policy

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Version Control

<u>Ver.</u>	<u>Date</u>	<u>Comment</u>
1	March 2016	Slight reformatting, and some policies in the appendix removed and replaced with cross references to the policies so that the Finance Manual does not need constant updating
2	March 2017	Update of Head of Operations to Director of Finance and Operations. Update of payroll functions and controls Accounting Officer is now Chief Executive and not the Director of Academy Development Inclusion of Interschool Accounts Reconciliation Accruals limit of £2,000
3	September 2017	Update of terminology to reflect new governance arrangements and job titles
4	May 2019	Update in consultation with James Rennie and Hexham Priory
5	November 2019	Update requirement to provide monthly financial monitoring to Chair of Board (Delegated to Chair of Finance Committee). Update to mandate Risk Registers Update to include requirement for Internal Scrutiny Update of ToR for Finance Committee and Audit Committee Update of scheme of delegation with Board approval Changed limit requiring DAD approval from £10,000 to £25,000. Changed virements from £5k to £10k Remissions by Head rather than Board of Trustees Updated Finance Manager and Finance Officer roles
6	April 2021	Various minor amends to assist clarity / eliminate ambiguity. Responsibilities of the Accounting Officer per AFH 2020. Added CFO role per AFH 2020. DFO must withdraw systems access when staff leave. Added debtors and creditors to the list of reconciliation checks. Added an aging cheque process. Added a procedure for controlling BACS payee bank details.

<u>Ver.</u>	<u>Date</u>	<u>Comment</u>
		Clarification re purpose of the two fixed asset registers. Added that Members appoint external auditors. Separated out the Finance Committee ToR to Appendix 5 Separated out the Audit and Risk Committee ToR to Appendix 6
7	March 2023	Changed DFO to COO Updated Chair of Finance Committee Updated finance staffing to reflect finance team restructure Two telephone quotes are required for purchases between £500 and £2,000 rather than between £500 and £1,000 Updated Finance Committee terms of reference to incorporate the Audit & Risk Committee
8	March 2024	Update to payroll provider details Process for approval of BACS payments Phasing out of petty cash arrangements Changes to financial delegation limits
9	March 2025	Audit Committee now re-established Audit Committee ToR updated Changed Director for Schools and Education (DSES) to Deputy CEO (DCEO) Cyclical update
10	March 2026	Requirement for an Independent Internal Audit function in line with Academies Financial Handbook for academies with annual revenue income over £50m. Eden Academy is approaching £50m annual revenue and policy updated to reflect this.

This policy will be subject to ongoing review and may be amended prior to the scheduled date of the next review in order to reflect changes in legislation, statutory guidance, or best practice (where appropriate).

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1. Scope

This document covers the Eden Academy financial policies at all levels of the organisation. It covers the spectrum of financial control from Trust level planning to sign-off levels for petty cash.

This document should be made available to the Board of Trustees; the Local Advisory Boards, Audit & Risk Committee, Finance Committee, budget holders, and all staff involved with finance in its broadest sense within school and central functions.

This policy also incorporates our Accounting and Competitive Tendering Policies

This document should be read alongside guidance given in the latest Academies Trust Handbook.

2. Purpose

The purpose of this manual is to ensure that the Trust:

- Maintains financial oversight
- Maintains and develops excellent systems of financial control which conform to the requirements both of propriety and of good financial planning and management.
- Ensures adequate and accurate financial monitoring and management
- Meets the requirements of our funding agreement with the Department for Education (DfE)
- Meets its obligations as a company in producing audited accounts which need to be submitted to the DfE by 31st December each year
- Meets its obligations as a charity in producing audited accounts and operating within the Statement of Recommended Practice (SORP) for Charities.
- Publishes its accounts and provides a copy to anyone who requests them
- Meets the requirement of a public body in ensuring propriety and value for money in their management of public funds.
- Meets its obligation as an employer in maintaining payroll, staff records and ensuring any severance payments and similar fall within the guidelines for public bodies and for academies as set out in the Academies Trust Handbook.

3. Key Responsibilities as laid down in the Academies Trust Handbook

Trustees and management must maintain robust oversight of the academy trust. The Trust must take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils

3.1. Responsibilities of Board of Trustees

The Board of Trustees (the Board) has wide responsibilities under statute, regulations and the Financial Agreement (FA). However, it is specifically responsible for ensuring that the Trust's funds are used only in accordance with the law, the board's powers under the FA (including the Trust's articles of association which set out the powers of the Trust and its governance arrangements), and the Academies Trust Handbook (ATH).

The Board has wide discretion over its use of the Trust's funds. It is responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably and takes into account any and all relevant guidance on accountability or propriety.

Academy Trusts are companies limited by guarantee and, under the terms of the [Academies Act 2010](#), exempt charities. Most academy Trustees, therefore, are 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 FA (including the articles) and this Handbook, but the Trust should be aware of the Charity Commission's [guidance for academies in Academy Schools: guidance on their regulation as charities](#) and two guidance notes which are relevant for academy Trustees. These guidance notes are [CC3: The Essential Trustee](#) and [CC8: Essential Financial Controls for Charities](#).

The Board should be aware of their statutory duties as company directors, which are set out in sections 170 to 177 of the [Companies Act 2006](#). These comprise the duties to:

- Act within their powers;
- Promote the success of the company;
- Exercise independent judgment;
- 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.

As an employer, the Trust has a range of wider obligations including such matters as employment law and health and safety.

The FA sets out further specific responsibilities of the Board and the accounting officer of the Trust. The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the Board that there is compliance with the ATH, the FA and all relevant aspects of company and charitable law.

Management accounts must be shared with the Chair of Trustees every month irrespective of the Trust's size, and with the other Trustees six times a year. The board must consider these when it meets.

The Board must ensure appropriate action is being taken to maintain financial viability of the Trust as a going concern, including addressing variances between the budget and actual income and expenditure.

3.2. Responsibilities of the Trust's Accounting Officer

The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to DfE's accounting officer, for the Trust's financial resources.

- Accounting officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.
- Accounting officers must adhere to "[The 7 principles of public life](#)".
- The accounting officer must have oversight of financial transactions, by:
 - ensuring the Trust's property and assets are under the Trustees' control, and measures exist to prevent losses or misuse
 - ensuring bank accounts, financial systems and financial records are operated by more than one person
 - keeping full and accurate accounting records to support their annual accounts.

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3.2.1. The Accounting Officer's annual statement

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

3.2.2. The Accounting Officer's duty to raise concerns

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

The Accounting Officer must advise the Board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

Similarly, the accounting officer must advise the board in writing if the Board fails to act where required by the funding agreement or handbook. Where the Board is minded to proceed, despite the Accounting Officer's advice, the accounting officer must consider the board's reasons and if the Accounting Officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer must notify DfE's accounting officer immediately in writing.

3.3. The Trust's Chief Financial Officer

The board must appoint a Chief Financial Officer (CFO), who is (and whose job title may instead be) the Trust's Finance Director, Business Manager or equivalent, to whom responsibility for the Trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role. The CFO should be employed by the Trust, and the Trust must obtain prior DfE approval if it is proposing, in exceptional circumstances, to appoint a CFO who will not be an employee.

4. Eden academy organisation

See also the Scheme of Delegation in Appendix 1 which outlines Accountability and Responsibilities.

4.1. The Board of Trustees

The Board has the ultimate responsibility for the finances of the Trust and its schools, and all statutory duties which are set out in the Companies Act.

The Board ensure that the Trust complies with general legislative requirements covering employment, property and health and safety regulations.

The Board will approve a balanced budget for the financial year (usually to 31st August). A copy of that final budget must be submitted to the DfE in a form specified by the DfE in accordance with their deadline.

The Board has delegated certain key tasks to specific committees and job functions per the scheme of delegation as given in Appendix 1.

The Trust has defined the responsibilities of each committee / key persons involved in the administration of Trust finances to avoid the duplication or omission of functions. These committee's / key personnel are detailed below.

Newly appointed Board Members and Trustees should be given a copy of the latest audited accounts upon appointment.

Board Members and Trustees should be made aware of why the charity is potentially at risk from fraud, and typical fraudulent activities.

The Board are at risk of personal liability if they cause loss to the Trust by acting unlawfully, imprudently or outside the terms of the Trust's governing document.

4.2. The Local Advisory Board

The Local Advisory Boards' role is to provide advice and support to an individual school within the Trust in order that it achieves its aims. The LABs are designed to enable key stakeholders to get involved in the life of the school and the Trust, contribute to its development, and promote the school within the community. Individual members act as representatives for LABs on the sub-committees of the Board of Trustees including the Finance and Audit and Risk Committees.

4.3. The Finance Committee

The Board delegates responsibility for the financial management of the Trust to the Finance Committee.

The Finance Committee's terms of reference vary periodically as demanded by the DfE and the Board of Trustees. The latest terms of reference are given in Appendix 6.

4.4. The Audit and Risk Committee

A separate Audit and Risk Committee is in line with best practice although not compulsory for the current size of the Trust. The Audit and Risk Committee exists to offer external challenge on all issues relating to regularity and risk and oversee arrangements for internal and external audit arrangements. It offers an additional level of scrutiny and advice to the Board.

The Audit and Risk Committee's terms of reference vary periodically as demanded by the DfE and the Board of Trustees.

The audit and risk committee must:

- Oversee and approve the trust's programme of internal scrutiny
- ensure that risks are being addressed appropriately
- report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks

4.5. The Accounting Officer

The Chief Executive Officer (CEO) has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Committee and the COO.

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4.6. Chief Operating Officer (Chief Finance Officer)

The Chief Operating Officer (COO) works in close collaboration with the CEO. The main responsibilities of the COO are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Finance Committee;
- The maintenance of effective systems of internal control;
- The maintenance of the Trust risk register
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- The preparation of monthly management accounts;
- Authorising purchase orders above £5,000 in conjunction with budget holders;
- Authorising payments in conjunction with other authorised signatories; and
- Ensuring forms and returns are sent to the DfE in line with their timetables

4.7. Business Manager(s)

With delegated duties from the COO, the main responsibilities of the Business Managers are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system decided at Trust level; including managing the work of the Finance Officers ensuring that work is up to an agreed standard and providing necessary support and training where appropriate; and
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Finance Committee;
- In liaison with the COO, the preparation of each individual school's income and expenditure budget;
- The maintenance of effective systems of internal control;
- Ensuring that the inputs to annual accounts are submitted to the COO to an agreed timetable;
- The preparation of monthly management reports including reconciliations, VAT and cash flow;
- Authorising orders above £1,000 in conjunction with budget holders for their specific school;
- Authorising payments in conjunction with other authorised signatories; and
- Ensuring forms and returns are sent to central services to an agreed timetable.

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4.8. Trust Finance Manager

The Trust Finance Manager is responsible for:

- Formulating strategy to reflect changes in financial reporting legislation;
- Developing and formulating the processes for ensuring a robust financial system of control in relation to the central fund
- Implementing financial processes across the organisation and providing training and guidance on financial processes;
- Assisting the COO to consolidate individual budgets into a consolidated budget for the whole Trust;
- Manage the Trust's financial administration and be responsible for all relevant financial and accounting procedures, in accordance with Academies Financial Procedures;
- Reporting to the COO on a monthly basis producing KPIs and highlighting key financial issues;
- Ensure the smooth running of the Trust's central finance office

- Lead on and coordinate the year end accounts and audit process

4.9. Finance Officers

The Finance Officers are responsible for:

- Manage the Trust's financial administration and be responsible for all relevant financial and accounting procedures, in accordance with Academies Financial Procedures;
- Monitor all income, expenditure and the impact on the school/Trust budget, highlighting any risks/trends to the COO. Including any unpresented cheques;
- Assist the COO with completing year-end accounting procedures across all schools within the Trust, liaising with auditors and providing information as required;
- Ensure the smooth running of the Trust's finance office including supervising the work of the Finance Assistants ensuring that work is up to an agreed standard and providing necessary support and training where appropriate; and
- Provide advice, guidance and support to staff at the member academy schools in relation to processing procedures for example: ordering, banking, petty cash, payroll returns, pension procedures & Arbor

4.10. Finance Assistants

The Finance Assistants are responsible for:

- Maintaining the Trust's accounting records;
- Ensuring financial procedures are adhered to at all times;
- Preparation of monthly payroll information;
- Promoting best value principals;
- Management of petty cash;
- Bank reconciliation as directed by the Finance Officer or School Business Manager; and
- Produce monthly nominal ledger reconciliations.

4.11. Other staff

Budget holders are responsible for their own budgets and should alert their manager and/or the COO if they anticipate any overspend.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

5. Miscellaneous key documents

5.1. Register of pecuniary interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The Clerk to the Board of Trustees (Governance and Policy Officer) maintains the Register of Pecuniary Interests for all Trustees, Committee members, senior leaders and key financial staff. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where this could influence Trust decisions.

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

5.2. Risk register

The Academies Financial Handbook mandates that the Trust must manage risks to ensure its effective operation and must maintain a risk register.

The Finance Committee need to consider the major financial risks to the Trust at the start of each year, and review these on an ongoing basis. This will feed into the overall risk statement for the Board to review and sign.

- What the major financial risks are to the Trust;
- What the likelihood is of those risks materialising;
- What would be the potential impact of the risks; and
- What systems have been put in place to mitigate and monitor the risks.

The COO shall maintain a risk register which demonstrates the results of the risk assessment process.

The risk management process should include preparation of a contingency and business continuity plan to deal with crises that could face the Trust.

The Board must also ensure that the Trust complies with general legislative requirements covering employment, property and health and safety regulations. They also need to think about how they can mitigate against those working for the Trust from acting unlawfully, imprudently or outside the terms of the Trust's governing documents.

5.3. Insurance

The Finance Committee must ensure the Trust has adequate insurance cover to support its activities and to comply with statutory requirements. The Trust will take advantage of the risk protection arrangement (RPA) instead of commercial insurance wherever possible. Unless otherwise agreed with the DfE this should include cover as follows:

- Buildings and contents of the Trust, in accordance with normal commercial practice or under the terms of any leases held by the Trust, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks, and theft. *Suggested levels of excess: subsidence £2,500, storm/flood £500, malicious damage £250, theft £250;*
- Business interruption, for example to provide alternative temporary accommodation. *Suggested minimum cover £1m;*
- Employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property. *Suggested minimum cover £10m each;*
- Cyber insurance covering data breaches, ransomware, and system restoration up to £250,000 per incident/year
- Cover required by statute for vehicles operated by the Trust;

Insurance in excess of this level should be subject to risk assessment to determine whether the policy concerned would represent value for money. Examples might include insurance against long term staff sickness, and cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils.

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6. Financial planning

The Trust prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below.

6.1. Development plan

The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be

kept relatively simple and flexible. They are the ‘big picture’ within which more detailed plans may be integrated.

The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Board of Trustees will set a planning cycle and timetable which allows for:

- A review of past activities, aims and objectives - “did we get it right?”;
- Definition or redefinition of aims and objectives - “are the aims still relevant?”;
- Development of the plan and associated budgets - “how do we go forward?”;
- Implementation, monitoring and review of the plan - “who needs to do what by when to make the plan work and keep it on course”; and
- Feedback into the next planning cycle - “what worked successfully and how can we improve?”.

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Accounting Officer.

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective, the lead responsibility for ensuring progress is made towards the objective will be assigned to an Trust manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

6.2. Annual budget

The COO will work with each school’s Head to set an individual balanced school budget to feed into the overall Trust budget. The budget is a cash flow budget rather than a profit and loss budget.

The Finance Committee will review the budget and make recommendations to the Board for formal approval.

The approved budget must be submitted to the DfE, in a format dictated by them, by the deadline notified by the DfE. The COO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
- Review of other income sources available to the Trust to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of the Trust cost base;
- Identification of potential efficiency savings; and
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

6.3. Balancing the budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

6.4. Finalising the budget

Once the Board have signed off the budget submissions, they should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

6.5. Reserves policy

The budget should be drawn up so as to be cognisant of the Trust's Reserves and Investment Policy.

6.6. Monitoring and review

Monthly reports will be prepared by the COO. The reports will detail actual income and expenditure for the Head and the Finance Committee.

Any potential overspend against the budget must in the first instance be discussed with the COO.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the COO, within the limits set by the Finance Committee.

7. Accounting system

All the financial transactions of the Trust must be recorded on the SIMS FINANCE accounting system. SIMS FINANCE is administered and operated by the Finance Team.

7.1. System access

Entry to the SIMS system is password restricted. The COO is responsible for setting access levels for all members of staff using the system, and also for ensuring access is withdrawn when staff leave. Access to the component parts of the SIMS FINANCE system can also be restricted.

In the event of access being required, the Trust Finance Manager will allocate a relevant password.

7.2. Back-up procedures

Data will be backed up off-site electronically. The COO is responsible for ensuring that there is effective back up procedures for the system. This is currently facilitated by the IT support provider. Information on servers is backed up

- Full back up weekly
- Incremental backups daily

7.3. Disaster recovery plan

The COO should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

7.4. Transaction processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the Finance manual.

All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by the COO (Business Manager(s)) prior to being input to the accounting system.

Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the COO (Business Manager(s))

Detailed information on the operation of the SIMS FINANCE system can be found in the user manuals held by the Finance Team.

7.5. Transaction reports

The COO will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:

- Trial Balance;
- Audit trail reports;
- Masterfile amendment reports for the payroll, purchase ledger and sales ledger; and
- Management accounts summarising expenditure and income against budget at budget holder level.

7.6. Reconciliations

Business Managers and the Trust Finance Managers are responsible for ensuring the following are reconciled each month:

- Sales ledger control account;
- Purchase ledger control account;
- Payroll control account;
- VAT control account(s);
- Bank balance per the nominal ledger to the bank statement;
- Credit card control;
- Parentpay control;
- All suspense/other control accounts;
- Inter-school accounts;
- Fixed Asset schedule and general ledger; and
- All debtor and creditor accounts, including accruals and prepayments.

Any unusual or long outstanding reconciling items must be brought to the attention of the COO. The COO will review and sign all reconciliations as evidence of review.

8. Payroll

8.1. Staff appointments

The Board has approved a personnel establishment for the Trust through the annual budget setting process. Changes can only be made to this establishment with the express approval in the first instance of the COO who must ensure that adequate budgetary provision exists for any establishment changes.

The CEO has authority to appoint staff within the authorised establishment except for a Head, Executive Head, Chief Operating Officer and Director for Schools and Educational Services whose appointments must follow consultation with the Board.

The COO maintains personnel files (kept by the Office Managers) for all members of staff, which include contracts of employment. These are stored securely, with appropriate access. All personnel changes must be notified immediately, in writing, to the COO. For northern hub schools, personnel changes will be notified at regular finance update meetings with the COO.

8.2. Payroll administration

The monthly Trust payroll is administered by Edupay. Access to the system is password controlled. Password control procedures are the same as for the accounting system described above.

New staff can only be added to the payroll with the express approval of the Head and the COO (Business Manager(s)) and notified to Office Manager. New staff must complete all relevant payroll documents issued by the Office Manager. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Salary amendments can only be made with the express approval of the Head and notified to the Office Manager.

Staff can only be terminated from the payroll with the express approval of the COO or Business Manager(s) and notified to the Office Manager.

Payment for sickness or maternity must be authorised by the Head in line with the employment contract for the individual.

Where leave of absence is discretionary, payment can only be made with the express approval of the Head and notified to the Office Manager.

Staff who are paid on submission of a time-sheet must complete and return their time-sheet to the Head (Business Manager) by week ending nearest to 31st of each month. (Failure to do this may result in non-payment of salary by the Trust. In these circumstances, the salary payment may not be paid until the next payroll run in the following month.) The Head (Business Manager) must then check and sign the time-sheet and return it to the Office Manager.

8.3. Payment of the payroll

All Salary payments are made by BACS unless a cheque payment has been authorised by the COO, or the School Business Manager. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions.

Payslips are issued electronically to paid employees the day before salary payment is made into bank/building society accounts.

After the payroll has been processed the Finance Officer will update the nominal ledger with the payroll costs for the month. A monthly print-out of amounts paid to employees is retained by the Trust with copies of all adjustment requests.

On an annual basis the COO or Business Manager (who may delegate this to office managers) must check for each member of staff that the gross pay per the

payroll system agrees to the contract of employment held on the personnel file of the individual, any discrepancies must be escalated to the CEO.

8.4. Payroll: Security

All staff records and payroll data should be treated as highly confidential, and secured accordingly, both physically and in any computer systems.

Personnel records should be held separately from payroll records.

9. Purchasing

The Trust wants to achieve the best value for money from all our suppliers. This means they we want to get what they we need in the correct quality, quantity and time at the best price possible. A large proportion of their our purchases will be paid for with public funds and they we need to maintain the integrity of these funds by following the general principles of:

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

A summary of limits and amounts, and purchase order requirements can be found in appendix 2.

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder each month this will also show outstanding purchase orders.

A quote or price must always be obtained before any order is placed. Budget holders and the Finance Officer should ensure that the lowest cost price is achieved.

All orders must be prepared using an official order form. Orders must be sent by the budget holder to the Finance Officer. Orders will only be processed if there is adequate budget provision for the department.

Countersigned orders are recorded in the commitment report, allocated a reference number and dispatched to the supplier by the Finance Officer. A copy of the order is given to the budget holder.

The budget holder must make appropriate arrangements for the delivery of goods to the Trust. On receipt the budget 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. All GRNs are then passed to the Finance Officer.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the budget holder will inform the Finance Officer who will record this.

All invoices should be sent to the Finance Officer. The Invoice will be recorded by the Finance Officer in the purchase ledger. The Finance Officer will evidence the following:

- A. invoice arithmetically correct
- B. invoice posted to purchase ledger
- C. goods/ services received
- D. goods/services as ordered
- E. prices correct
- F. invoice authorised for payment
- G. payment authorised
- H. VAT treated correctly, and
- I. payment made. (cheque No. and date)

If a budget holder is pursuing a query with a supplier, the Finance Officer must be informed of the query and periodically kept up to date with progress.

9.1. Invoice payment

Up to twice a month the Finance Officer will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the COO (Business Manager).

The Finance Officer will select invoices to be paid and generate the BACs payments or cheques required. The BACs payments or cheques must be authorised by two of the nominated bank signatories, one of which must be either the Head or the COO (Business Manager)

Cheques will be dispatched to suppliers by the Finance Assistant. BACs payments will be notified to suppliers by email.

Non-order purchases must have the prior approval of the COO (Business Manager) Non-order purchases must be kept to a minimum and should only take place when it will affect the smooth running of the budget department. The Catering Manager is authorised to make non-order purchases for standard daily/weekly food supply orders.

In no circumstances will any cheque signatory sign a blank cheque subject to a second signature.

No payment will be made on a photocopied invoice unless exhaustive checks have been made to confirm that payment has not previously been made. Confirmation that such checks have been made is to be recorded by the Admin officer writing on the invoice "copy not previously passed for payment and signing". Any copy invoice to be marked "this is an official copy invoice". In no circumstances will payment be made against statements.

10. Income

The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the COO who is responsible for ensuring that all grants due to the Trust are collected.

The Trust also obtains income from:

- The Local Authority for SEN and Early Years funding;
- Parents for school trips, uniform & dinner money;
- Lettings; and
- Breakfast Club and After-School Club.

10.1. SEN, Early Year Funding & other grants

All Invoices for request of funding should be entered onto SIMS Accounts Receivable. This module will maintain a debtor listing and the aged debtor report should be produced monthly and all debtors that have invoices that remain unpaid after 30 days should be sent a statement.

10.2. Trips

When planning any excursion, the consent of the Head must be obtained before any commitment is made to pupils, parents or third parties.

All monies for excursions are to be paid via the online payment facility. Electronic statements should be available to parents to view.

If cash is received this should be receipted by the Office Manager or Finance Officer.

10.3. Dinner money

Parents should pay dinner money via the online payment facility. The system for control and collection of cash is as for school trips.

10.4. Lettings

Each school in the Trust may charge for the use of facilities and in each case the Head will consult with the COO before any charges for activities are made, as set out in section 8.5 of the Trust's Charging and Remissions Policy.

The COO (School Business Manager for Northern Hub) considers all enquiries and the level of costs involved before granting a booking. Letting rates are subject to review by the Finance Committee.

All hiring of school equipment and facilities will be recorded in the diary kept by Office Manager. The lettings diary and the lettings planner are subject to review by the Head to ensure that all lettings have been invoiced.

When a letting is provisionally booked the hirer must complete a hire form.

All monies must be received before the let takes place. The Finance Officer records receipts. All receipts are banked intact by the Finance Officer.

All hirers must have their own insurance and proof of this must be seen.

10.5. Fund raising events

It is the responsibility of the event organiser to control income prior to the monies being handed to being banked. Monies are collected by event organisers who must then contact the Finance Officer to receive instructions regarding recording the amounts collected, the paying in slip and banking.

Fundraising events should take place within the appropriate legal structure, e.g. licensing laws and or any local permits such as those for public raffles and collections. This is to avoid the risk of any fine or legal liability for non-compliance.

Public collection boxes should be numbered, sealed and clearly carry the name of Eden Academy Trust and its charity number. Collection boxes should be opened in the presence of two unrelated people, and a receipt given for the contents.

Records should be maintained for each separate fundraising event. Records must separate detailed income items from expenditure, and not be simply 'net accounted' (e.g. not as 'profit from fireworks = £250').

Raffle tickets should be numbered. Reconciliations should be made of tickets sold and unsold tickets, which should be returned.

10.6. Custody

Official, pre-numbered Trust receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the School safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the School safe. The Eden insurance limit is £5,000.

Monies collected must be banked in their entirety in the appropriate bank account. The Office Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the COO.

Cheque-books must be stored in the safe when not in use.

10.7. Bad debts

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. The school keeps a record of any bad debts written off.

No debts should be written off without the express approval of the Finance Committee.

Note: The DfES's prior approval is also required if debts to be written off are above the value set out in the annual funding letter.

10.8. Other matters

Funds must be recorded and banked without offsetting the deduction of expenses.

Proper records are kept of all income due to the school. The responsibility of identifying sums due to the school is that of the COO and is separate from the process of collecting and banking such sums.

The Finance Officer is responsible for reconciling monthly the amounts collected with the amount paid in at the bank.

Invoices for sums due to the school are issued within 30 days.

Income collections should not be used for the encashment of personal cheques. Any transfers of school money between staff are recorded and signed for.

10.9. Income: Legacies, endowments and significant donations

A significant donation is defined as one over £5,000. Large legacies, endowments and significant donations should be recorded and noted in the accounts.

Procedures should be in place to identify 'tainted donations' whereby a donor gets relief from tax, only for the capital or a benefit from the donation to end up back in the hands of the donor.

The COO should ensure that mechanisms are in place so that any restrictions put on the use of funds by specific donations or endowments are observed.

11. Cash management

11.1. Bank Accounts

The opening of all new accounts must be authorised by the board who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements, BACS and electronic transfers. The Board are to be informed of any account closures, and dormant accounts.

The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn. The school will not enter into any loan arrangements without the prior approval of the Secretary of State.

11.2. Deposits

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; and
- A reference, such as the number of the receipt or the name of the debtor.

Cash and cheques are locked in the school safe prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques. Cheques will be identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers. All cash and cheques are banked by the Receptionist and Premises Officer. Where unusually high levels of cash are received these are banked on the day of receipt.

11.3. Payments and withdrawals

BACS payment runs are processed every two weeks (monthly as a minimum).

Once all invoices and credit notes are loaded onto SIMS FINANCE and the cash position for the school is calculated by the Finance Officer.

The proposed payment run along with the current cash position is given to the COO (Business Manager) to authorise.

Once the payment run has been authorised, the supplier bank details are verified as being correct. The verification is carried out by a person other than that who entered the invoice details.

An audit log is kept of all activity recording the inputter and the checker.

The Finance Assistant approves the agreed individual invoices and credit notes and the BACS run is set up on SIMS FINANCE.

The Finance Assistant then imports the payment run to Lloyds secure electronic banking (logging in with their own username, card, card reader and pin number). The agreed maximum limit for each individual BACS run is £100,000. (The limit can be increased on a temporary basis after approval from the COO)

The COO (Business Manager) securely logs in to Lloyds Commercial Banking (using their username, card, card reader and pin number) and checks each individual payment matches the authorised payment run. When all the payments have been checked by the approval of BACS on Lloyds is carried by the COO , Business Manager/ Trust Finance Manager

The Finance Assistant emails the second approver with the details of the payment run so they can log in to complete the second approval.

Once the BACS run has been fully approved, the Finance Assistant logs into FMS to email the remittance advices to suppliers.

Staff do not have the access to change bank details on the Lloyds BACs system.

All BACS and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- Chief Executive Officer
- Deputy CEO
- COO;
- Head;
- Finance Manager or Business Manager

For cheques over £1,000 at least one signatory must be the COO (School Business Manager). Signatories may not sign a cheque reimbursing themselves.

Under no circumstances should blank cheques be signed.

The COO (School Business Manager) should put in place procedures to ensure automatic payment arrangements are cancelled as soon as services cease to be provided.

11.4. Administration

The Finance Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the Trust's ledger record of cash;
- Reconciliations are prepared by the Finance Officer;
- Reconciliations are subject to an independent monthly review carried out School Business Manager for the Northern Hub;
- Adjustments arising are dealt with promptly; and
- Ageing cheques are identified, followed up, and cancelled if appropriate.

The school has access to online banking and therefore can review the bank account on an ad hoc basis as required

11.5. Cash management: Payment of expenses

The Trust's expenses policies should be communicated to all relevant staff, Trustees, Members, Committee and LAB members. *(Note: there are different policies for staff and those in the governance groups: Travel Policy for staff and Expenses Policy for Trustees, Members and Committee/LAB members.)*

Only compliant expenses may be paid.

The policies must ensure rates for mileage and meal / overnight allowances must be in accordance with HMRC approved rate which are reviewed and approved annually by the Finance Committee.

Claims should include a signed statement that the expenses are accurate and directly related to Trust business.

Payments to individuals should be via cheque or BACS – not cash.

11.6. Trust purchase cards

Purchase cards are not considered to infringe the borrowing restrictions imposed on schools, providing any balance is cleared in full at the end of each month.

The COO (Business Manager) should ensure staff are advised of the policy for payment card use at the time of their inclusion and should periodically check such use is consistent with policy.

The COO (Business Manager) should ensure any card is cancelled, or the authorised signatory is deleted, as soon as a member of staff leaves the Trust or is no longer a required holder.

The Finance Officer will be appointed to administer the signing in and out of cards, they will not be a card signatory themselves, but will maintain a list of those staff members who are authorised signatories.

A direct debit will be set up between the bank and charge card provider to clear the monthly balance in full.

All purchases made using a purchase card must be authorised in the same way as any other purchase with an official order being raised and a commitment entered onto the accounting system prior to the purchase being made. Purchase order numbers should be quoted on any charge card purchase.

Purchase receipts will be returned from card users to the Finance department as soon as is practically possible, who will reconcile receipts on a monthly basis against the statements and subsequently against the bank direct debit charge.

When not on loan to staff members all purchase cards will be kept in the school safe. See Appendix 4 for more detail.

11.7. Cash management: Electronic banking

Electronic banking must adopt the same double signatory requirements as other accounts.

Access must only be via secure PC with adequate firewalls and anti-virus software in place.

The COO is responsible for the administration of electronic banking. The COO must keep a record of all authorised PIN holders. PIN holders must be advised of their responsibility to keep PINS and passwords secure at all times. The PIN and password should be changed regularly – and immediately should a member of staff leave. When a member of staff leaves access should be revoked.

The COO must ensure staff are trained in the usage and security around electronic banking.

11.8. Petty cash accounts

Petty cash has now been phased out. The exception is cash for family services and holiday clubs.

Payment requests are made to the Business Manager who holds cash point cards and will withdraw funds. Funds are then passed to the Single contact in Family Services.

The COO (Business Manager) is responsible for checking the balance of petty cash on a termly basis.

11.8.1. Petty Cash Administration

The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation. The COO (Business Manager) will sign off all petty cash expenditure on a monthly basis.

11.9. Physical Security

Petty cash should be held in a locking cash box which is put in a safe overnight. The COO must ensure insurance covers the contents of the safe and any cash in transit.

11.10. Cash Flow Forecasts

The COO is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

11.11. Investments

Investments must be made only in accordance with the Trust's Reserves and Investment Policy.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

12. Fixed assets

Refer also to "Acquisition and disposal of fixed assets" in the Academies Trust Handbook

12.1. Capitalisation limit

The Trust's capitalisation limit will be £3,000

12.2. Fixed assets register

There are two aspects to the fixed asset register. One is for the control of portable and other assets, the other the register of all assets, including land and buildings that is used to calculate annual depreciation.

All items purchased with a value over the Trust's capitalisation limit of £3,000 must be entered in the fixed asset register. The fixed asset register should include the following information:

- Asset description;
- Asset number;
- Serial number;
- Date of acquisition;
- Asset cost;
- Location; and
- Name of member of staff responsible for the asset

The Fixed 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;

- To manage the effective utilisation of assets and to plan for their replacement;
- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system; and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

The use of significant assets should be reviewed annually to ensure they are put to best use or recommended for disposal / sale.

12.3. Depreciation rates

Type	How	Implied life
Freehold Buildings	2% straight line	50 years*
Leasehold Buildings	2% straight line	50 years*
Motor Vehicles	25% straight line	4 years
Plant & Machinery	10% straight line	10 years
Furniture & Equipment	20% straight line	5 years
Computer Equipment & Software	33% straight line	3 years

**50 years or the life of the lease if shorter*

12.4. Security of assets

An asset register should be maintained containing portable and valuable assets in addition to the fixed asset register. Equipment must be secured by means of physical and other security devices.

All the items in the register should be permanently and visibly marked as the Trust's property and there should be a regular (at least annual) sample check by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Finance Committee. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it, this should be noted.

12.5. Disposals

Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Committee and, where significant, should be sold following competitive tender. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid. If disposals within one financial year (September-August) collectively originally attracted grant of more than £20,000 then the Trust must inform the DfE.

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

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the DfE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

12.6. Loan of assets

Items of Trust property must not be removed from Trust premises without the authority of the Head. A record of the loan must be recorded on a loan of equipment form and booked back into the Trust when it is returned.

The Head will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a “benefit-in-kind” for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust’s auditors.

13. VAT

The Trust is registered for VAT purposes.

VAT returns are made to the HMRC every month. Claims will be made only for invoices in the name of the schools or in the name of The Eden Academy

Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

The Trust Finance Manager will be responsible for arranging amendments to the VAT registration details for the addition of any schools which join the Trust and ensuring registration covers all schools as well as the Trust generally for central fund costs in particular.

14. Audit

14.1. External audit

The Audit and Risk Committee recommends to Members, the choice of external auditors, considering price, experience, service and continuity amongst others. Their appointment is ratified by the Members.

The Trust has an Audit Committee as outlined in section 4 above.

14.2. Internal scrutiny

The Trust **must** deliver internal scrutiny in the way most appropriate to its circumstances. Options include:

- Employing an in-house internal auditor;
- A bought-in internal audit service, under a separate letter of engagement if internal audit and external audit is performed by the same firm;
- The appointment of a non-employed Trustee or Committee member; and

- A peer review by the Chief Financial Officer, or other member of the finance team, from another Academy Trust. The Trust should satisfy itself that the Trust supplying the reviewer has a good standard of financial management and governance and should minute the basis for its decision.

The Trust may combine the above options.

To ensure those carrying out the programme of work are suitably qualified and/or experienced:

- Internal auditors should be members of a relevant professional body;
- Trustees and peer reviewers performing the work should have experience in finance, accounting or audit.

The Trust must keep its approach to internal scrutiny under review. If it changes in size, complexity or risk profile, it should consider whether its approach remains suitable.

Trusts with an annual revenue income over £50 million (based on their last audited accounts) must deliver internal scrutiny using any combination of the following:

- an in-house internal auditor
- a bought-in internal audit service

14.3. External reporting and transparency

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

The Trust **must** submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions (as presented to the audit committee under section 3.15 by the person or organisation carrying out the programme of work) to the DfE by 31st December each year when it submits its audited annual accounts. The Trust **must** also provide the DfE with any other internal scrutiny reports if requested.

Appendix 1: Scheme of delegation extract v16.2 (November 2025); Financial performance

Please refer to the latest version of the Scheme of Delegation for any updates

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Appointing senior executive leader as accounting officer They must be the 'head of the line management executive chain and be held accountable by the Board of Trustees for the performance of the whole Trust'. The Board appoints the accounting officer	Members will be informed of the appointment	Trustees are responsible and accountable for appointing the CEO, who is the Trust's senior executive leader and accounting officer		Executive directors will be informed of the appointment	Heads will be informed of the appointment	
Appointing Chief Financial Officer (CFO) The Trust 'must appoint a chief financial officer (CFO) to act as the Trust's finance director, business professional or equivalent'. The Board appoints the chief finance officer.	Members will be informed of the appointment	Trustees are responsible and accountable for appointing the COO, who is the Trust's Chief Finance Office		The CEO will be consulted on the appointment	Heads will be informed of the appointment	
Setting delegated authority limits for financial transactions Delegated authority limits must be set by the Board and communicated throughout the Trust. The Board approves delegated authority limits.		Trustees are responsible and accountable for setting delegated limits		The CEO and COO will be consulted on delegations.	Heads will be informed of delegations	

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Establishing controls framework including internal audit A Trust 'must establish a control framework and establish processes to provide assurance over the suitability of, and compliance with, its financial systems and internal controls'. The Board, and finance committee, hold responsibility for approving the annual programme of internal scrutiny as put forward by the executive team, with input from internal auditors as relevant		Trustees are accountable for ensuring an appropriate financial control framework	The Finance Committee is responsible for implementing an appropriate financial control framework including internal audit arrangements and the ratification of the Finance (and associated) Policy The Trustee portfolio holder for audit and risk management is consulted on and advises the Finance Committee and Trustees on these matters, including the finance policy and finance manual	The COO is responsible for maintaining the system of controls across the Trust	Heads are responsible for maintaining the system of controls within their schools and settings	
Developing budget The Board approve the budget which has been developed by the executive team, and Heads in line with delegated authorities.		Trustees are responsible and accountable for approving the annual budget and 3-year forecast	The Finance Committee is consulted on the budget and advises the Board	The COO , in conjunction with the CEO , is responsible for developing the budget The DCEO is consulted on the budget for the educational services	Heads are consulted on the annual budget	The Therapy Service Manager is consulted on the annual budget for their service area

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Delivering monthly management accounts and forecasts 'The Trust must prepare management accounts every month setting out its financial performance and position. Management must take appropriate action to ensure ongoing viability... The Board must ensure budget forecasts for the current year and beyond are compiled accurately'. The Board must review management accounts at least six times each year that have been prepared by the executive team.		Trustees are informed of the and are responsible for holding the executive to account	The Finance Committee receives, monitors and challenges the COO/CEO on the financial performance The Trustee portfolio holder for audit & risk management is consulted on the appropriateness of the financial reporting	The COO is responsible for producing monthly management information	Heads are informed and consulted on monthly management information	
Managing cash position 'The Trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts'. The Board are responsible for holding oversight of cash management across the Trust.		Trustees are informed of the and are responsible for holding the executive to account	The Finance Committee is responsible for the detailed oversight on behalf of the Board	The COO is responsible for producing monthly management information	Heads are informed and consulted on monthly management information	

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Monitoring pupil premium spend inc. year 7 literacy and numeracy catch-up and PE and sport premium 'Boards should discuss with senior leaders the rationale for spending pupil premium and ensure that both pupil need, and effective practice are central to the strategy'. In a multi-academy Trust setting, this monitoring can be delegated to schools.		Trustees are informed of the and are responsible for holding the executive to account	The Standards Trustee Portfolio Holder is responsible for leading the Board's oversight of the use of pupil premium spend in terms of outcomes	The DCEO , through the Regional Directors is responsible for holding Heads to account on behalf of the Board	Heads are responsible for in their schools and settings	
Appointing external auditor The Trust 'must appoint a registered statutory auditor'.	Members are responsible and accountable for appointing		The Audit & Risk Committee advises Members on the appointment of the external auditor	The COO is consulted		
Delivering annual report and accounts, with regard to accounts consolidation exercises required by DfE The Trust must 'prepare annual financial statements in line with the DfE's Academies accounts direction'. The Board approve the annual report and accounts.	Members are informed	Trustees are accountable for the delivery of the annual report and accounts and responsible for their ratification	The Audit & Risk Committee advises the Finance Committee and Board on the annual report and accounts. The Finance Committee makes the final recommendation to the Board.	The COO and CEO are responsible for delivering the annual report and accounts to the Board for ratification and ensuring that these are filed in line with the DfE and Companies House requirements		The Head of Governance, Policy and Compliance is consulted on the governance aspects of the annual report

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Developing finance policies (charging and remission, procurement) The Board approve finance policies, as developed by the executive team.		Trustees are accountable for approving finance policies	The Finance Committee is responsible for approving finance relates policies	The COO is responsible for developing finance related policies		The Head of Governance, Policy & Compliance is responsible for maintaining the schedule of Trust policies
Managing conflicts of interest and related party transactions The Trust 'must maintain a register of interests'.	Members are responsible for registering any conflicts of interest or pecuniary interests with the Head of Governance, Policy and Compliance	Trustees are accountable for ensuring that interests are registered and reported in line with statutory requirements Trustees are responsible for registering any conflicts of interest or pecuniary interests with the Head of Governance, Policy and Compliance	Local Advisory Board members and independent committee members are responsible for registering any conflicts of interest or pecuniary interests with the Head of Governance, Policy and Compliance	Executive Directors are responsible for registering any conflicts of interest or pecuniary interests with the Head of Governance, Policy and Compliance	Heads are responsible for registering any conflicts of interest or pecuniary interests with the Head of Governance, Policy and Compliance	The Head of Governance, Policy & Compliance is responsible for maintaining the register of pecuniary interests and recording conflicts of interest

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Ensuring compliance with DfE requirements Compliance must be ensured in areas including novel, contentious and repercussive transactions, disposal of land and assets and use of School Condition Allocations, use of school premises. The Board should ensure compliance with the executive team delivering on all requirements.		Trustees are accountable for compliance	The Audit & Risk Committee is responsible for monitoring compliance and advises the Finance Committee and Board	The COO is responsible for compliance		The Head of Governance, Policy & Compliance is consulted for compliance
Ensuring adequate insurance cover is in place The Trust 'must ensure that they have adequate insurance cover in compliance with their legal obligations or have opted into the academies risk protection arrangements (RPA)'		Trustees are accountable for compliance	The Audit & Risk Committee is consulted and advises the Finance Committee and Board	The COO is responsible		

Activity, context & summary	Members	Trustees	Board committees and portfolios	Executive	Heads	Other
Maintaining risk register 'The Trust must manage risks to ensure its effective operation and must maintain a risk register'. The Board should hold oversight of strategic risks across the Trust. Local governance in a multi-academy Trust can hold oversight of school-level risks.		Trustees are accountable for maintaining and oversight of risk management arrangements The Board is Responsible for agreeing the Trust's risk appetite and reviewing individual risks through the relevant portfolio holder.	The Audit & Risk management is responsible for monitoring and advising on the risk register and advises the Finance Committee and Board.	The COO is responsible		The HGPC is consulted on risk management arrangements and maintains the risk register

Appendix 2 – Summary of limits and amounts

Key:

COO	Chief Operating Officer	DCEO	Deputy CEO)
Head	Headteacher or Head of School as appropriate	BM	Business Manager

Purchase orders and quotations

- Purchases up to £500 require evidence that alternatives were considered
- £501 to £2,000 require telephone quotes
- £2,001 to £7,000 require two written quotes
- £7,001 to £50,000 require three written quotes
- For purchases/contracts of above £50,000 follow the Tendering procedure

Expenditure limits – purchase orders and/or invoices

< £100	Budget Holder
> £100 & < £5k	Head / BM
> £5,001 & < £250k	Head + COO/BM (see note on number of quotes needed)
>£250k & <£500k	Head + COO + DCEO (see note on number of quotes needed)
> £500k	Board + FC + COO + DCEO + Head
Exception for Site Manager in relation to minor building repairs IN EMERGENCIES ONLY	
Up to £2,500	Site Manager
Building repairs of < £500	Site Manager
Building repairs > £500	As per general schedule above
Exception for Catering Manager - food	
Catering supplies < £500	Catering Manager
Catering supplies > £500	As per general schedule above

Payroll

All submissions to payroll including supply timesheets and overtime returns, Mileage and subsistence allowances (where there is an agreed fixed rate); must be authorised by The Head and COO/BM

Salary amendments can only be made with the express approval of the COO/BM. Salary amendments to be initiated by the COO/BM before entry into the Payroll.

Where leave of absence is discretionary, payment can only be made with the express approval of the Head in line with guidelines.

After the payroll has been processed a print of salary payments for each individual should be obtained from the system. The print must be reviewed and authorised by both the Head and the COO/BM; a signed copy to be kept on file each month.

On an annual basis the COO/BM must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual. (this may be delegated to Office Managers)

Payments to individuals

All people employed by the school must go through the payroll system and appropriate statutory deductions will be made.

Petty Cash

Imprest limit for Petty Cash £500

Budget Virement Limits

Virement < £10,000	COO
Virement >£10,000	Finance Committee

Writing off bad debts

Bad Deb Write-off < £3,000	COO/BM
Bad Deb Write-off > £3,000	Finance Committee

Disposal of Surplus Stock, Stores & Assets

Stock write-off < £1,000	COO/BM
Stock write-off > £1,000	Finance Committee

Safe Cash/Cheque

Limits to be kept in Safe £5,000 (Combined Cash and Cheque) All banking to be agreed locally by COO/BM

No cash to be kept exceeding the safe's insurance limit (£5000 as at Sep 2019)

Fixed Asset capitalisation Policy

The capitalisation limit will be £3000

Accruals

Year-end accruals will only be carried out for amounts greater than £2,000.

Appendix 3 – Forms of tender

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

Open tender

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the COO how best to advertise for suppliers 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 the propriety of public funds.

Restricted tender

This is where suppliers are specifically 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 would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academy's requirements;
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

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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

Full consideration should be given to:

- Objective of project;
- Overall requirements;
- Technical skills required;
- After sales service requirements;
- Form of contract.

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

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.

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; and
- Form of response.

Aspects to Consider

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?

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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

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.

Tender opening procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts up to £25,000 - two of the budget holder, the COO/BM or the Director Academy Development;
- For contracts over £25,000 – a member of the Finance Committee, plus one of either the COO/BM or the DCEO

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance Committee.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

Appendix 4: Purchase cards

See separate *Purchase Cards Manual*, held at each school office for more detail.

The bank operating the card scheme is Lloyds TSB Commercial.

Nominated card holders/users

A record of nominated card holders, together with their role and spending limits are detailed in the Finance Manual, which is updated on an ongoing basis with any changes.

Use of the cards

The balance on the purchase cards account **MUST** be paid in full at the end of each month by direct debit.

A record will be kept of each cardholder's details (see Purchase Cards Manual Appendix A1).

Each cardholder will be issued with the Rules of Use (see Purchase Cards Manual Appendix A2 and "Ten Top Tips to Foil the Fraudsters" guidance (see Purchase Cards Manual Appendix A3).

Each cardholder must sign prior to acceptance of the purchase card but after having read the "Rules of Use", an acknowledgement of responsibilities (see Purchase Cards Manual Appendix A2).

Cardholders are responsible for ensuring that they do not exceed the card limit and transaction limit at any time. Cardholders must also ensure that any expenditure will be within limits of individual budget areas and that appropriate approvals to spend are obtained.

Transactions may be undertaken over the telephone, by fax, in shops and over the internet. The card must **ONLY** be used for school purchases and under no account may it be used for personal purchases.

Placing an order

A Permission to Spend form should be completed and authorised before placing an order if the value of the order is over £100.

Transaction record

Once an order has been placed/goods purchased, the cardholders will pass their receipts to the relevant Purchase Card Operator as soon as they return to school. The Operator will detail the purchase on the personal transaction record (see Appendix Purchase Cards Manual A5) and file the receipt.

The Operator will reconcile the monthly statement with the items on the personal transaction record and produce a transaction record which balances with the charge card statement.

The cardholder will sign the transaction record to confirm they purchased the goods and that all purchases were within the guidelines. The transaction record will then be checked and countersigned by either the Head, Head of Dept, COO

or another member of the Central SLT, depending on the authorisation structure put in place for each card.

The completed transaction record will be passed to the Finance team who will enter the transaction details on FMS as a journal for each individual card. This will be reconciled against the bank statement by the Card Admin during monthly procedures.

Appendix 5: Finance Committee Terms of Reference

Please refer to the latest version of the Governance Charter for any updates

Purpose

The Board of Trustees delegates responsibility for the financial management of the Trust to the Finance Committee.

Composition

The Finance Committee will comprise:

- The Chair of the Board of Trustees
- The Finance Trustee portfolio holder, who will also act as Chair for the committee
- At least 2 further Trustees
- The Chair of the Audit & Risk Committee will have a standing invitation to attend as they feel appropriate.
- The Chief Operating Officer (as Chief Financial Officer) should attend to provide information and participate in discussions
- The Chief Executive Officer, (as Accounting Officer), will have a standing invitation to attend to provide information and participate in discussions

The Finance Committee may also include representation from Local Advisory Boards (maximum 2).

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Quorum

3, of which the majority must be Trustees.

Responsibilities

A detailed set of accountabilities and responsibilities across the Trust is contained within the Scheme of Delegation. The Finance Committee will meet a minimum of 6 times during the academic year to oversee:

1. Financial management strategy

- Establish and maintain an up to date 3-year strategic financial plan.
- Maintain an oversight of the long-term financial health of the Trust, including risk management and escalation to the Board as appropriate.
- Consider the levels of top up fee charged across the Trust.
- Consider a medium-term plan report annually to inform the recovery of deficit if applicable.
- Review benchmarking data on an annual basis to secure best value for money.
- Investment and reserves strategy.

2. Budget and operational issues

- Recommend to the Board, the first formal budget plan of the financial year, carry out revisions and monitor the budget.
- Consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Board.
- Make decisions in respect of service agreements, contracts, and insurance (buildings and public liability).
- Make decisions on expenditure, following recommendations from other committees.
- Be responsible, in conjunction with the Board, for determining dismissal payments/early retirement.

3. Compliance

- Ensure the Trust is operating within its funding agreement.
- Review and agree policies relating to finance as delegated by the Board e.g. Finance Policy.
- Approve audit and risk management arrangements including the Statement of Internal Control.
- Receive reports from the Audit and Risk Management portfolio holder and action where necessary.

4. Policy approval

- The committee will be delegated to ratify finance-related, Trust-wide policies as set out in the Scheme of Delegation

Appendix 6: Audit & Risk Committee Terms of Reference

Please refer to the latest version of the Governance Charter for any updates

Purpose

To offer external challenge on all issues relating to regularity and risk and oversee arrangements for internal and external audit arrangements. It offers advice to the Board of Trustees and Finance Committee.

Composition

The committee will comprise:

- Three Trustees, one of whom will chair the committee
- One external member, suitably skilled, experienced and independent of the Trust

The Chief Operating Officer (as Chief Financial Officer) should attend to provide information and participate in discussions.

The committee shall meet at least four times a year, at appropriate intervals in the reporting and audit cycle and otherwise as required.

Quorum

There must be a majority of Trustees for the meeting to be quorate. Where necessary, one Trustee (preferably the Chair and portfolio holder) may effectively hold the meeting, provided that all members have received the papers and been able to comment.

Responsibilities

1. Engagement with members and stakeholders

- The committee chair should provide a statement for inclusion in the Board Chair's report to the Members' Annual General Meeting, and answer any questions on the committee's activities. In addition, the Committee Chair (Trustee portfolio holder) engage other key stakeholders on significant matters related to the committee's areas of responsibility.

2. Duties

- The committee should have oversight of the Trust as a whole and, unless required otherwise by regulation or statutory guidance, carry out the duties below, as appropriate.

3. Narrative reporting

- Review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for members and other stakeholders to assess the Trust's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under legislation, the Charities SORP and DfE guidance.

- Support the Accounting Officer in providing assurance to the DfE and Parliament that public funds have been used appropriately via the Accounting Officer's annual statement on regularity, propriety and compliance, and the governance statement within the audited accounts which demonstrates the Trust's ability to secure value for money.

4. Internal controls and risk management systems:

- Keep under review the Trust's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems including commercial, reputational and operational risks. Excluding safeguarding
- Review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks;
- Advise the Board on the benefits, or otherwise, of the Trust participating in the risk protection arrangement (RPA) or obtaining its own commercial insurance provision, taking into account value for money considerations.

5. Compliance, whistleblowing and fraud

- Review the adequacy and security of the Trust's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- Review the Trust's procedures for detecting fraud.
- Review the Trust's systems and controls for the prevention of bribery and receive reports on non-compliance.
- Review regular reports relating to the adequacy and effectiveness of the Trust's anti-money laundering systems and controls.
- Keep under review the adequacy and effectiveness of the Trust's compliance function.

6. Internal scrutiny

- Advise the Board on the internal scrutiny programme of work and recommend to the Board the method of internal scrutiny that is most appropriate to the Trust's circumstances, which could include employing an in-house internal auditor or buying-in internal audit services.
- Gain assurance that those carrying out the programme of internal scrutiny are suitably qualified and experienced.
- Report findings from internal scrutiny activities to the Board.
- Assess year on year progress using the short annual summary report that outlines areas that have been reviewed, key findings, recommendations and conclusions.

- Keep the approach to internal scrutiny under review.
- Check that the internal scrutiny approach the Trust uses is confirmed in the governance statement, which accompanies the annual accounts.

7. External audit

- Consider and make recommendations to the Trust Board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the Trust's external auditor. It is the duty of the Trust Board to report the removal of auditors to the DfE.
- Develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable regulatory requirements and good practice, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- If an external auditor resigns, investigate the issues leading to this and decide whether any action is required. It is for the Board of the Trust to formally notify the DfE of the auditor's resignation.
- Oversee the relationship with the external auditor. In this context the committee will:
 - Approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the FRC's Ethical Standard and other professional requirements and the Trust's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- Satisfy itself that there are no relationships between the auditor and the Trust (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- Agree with the Trust Board a policy on the employment of former employees of the Trust's auditor, taking into account the FRC's Ethical Standard and legal requirements, and monitor the application of this policy;
- Monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the FRC's Ethical Standard, including the guidance on the rotation of audit partner and staff;
- Monitor the level of fees paid by the Trust to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the FRC's Ethical Standard;

- Assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- Seek to ensure coordination of the external audit with the activities of the internal audit function.
- Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;
- Develop and recommend to the Board the Trust's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the committee and specifying the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - threats to the independence and objectivity of the external auditor and any safeguards in place;
 - the nature of the non-audit services;
 - whether the external audit firm is the most suitable supplier of the non-audit service;
 - the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - the criteria governing compensation.
- Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit, review its work and any issues arising from the audit;
- Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team (including the use of technology);
- Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;
 - the auditor's explanation of how the risks to audit quality were addressed;
 - key accounting and audit judgements;
 - the auditor's view of their interactions with the senior leadership team; and

- levels of errors identified during the audit.
- Review any representation letter(s) requested by the external auditor before it is (they are) signed by the senior leadership team;
- Review the management letter and the senior leadership team's response to the auditor's findings and recommendations;
- Assess the auditor's view of the Accounting Officer's approach and statement in the annual report and accounts relating to regularity; and
- Review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

8. Risk appetite, tolerance and strategy

- Advise the Board in agreeing the Trust's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Trust is willing to take in order to achieve its long-term strategic objectives. The committee should seek assurance on the risks the Board has identified as those to which the business may be exposed.
- Assist the Board in determining the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
- Advise the Trust Board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing on implications for the risk appetite, tolerance and strategy of the Trust, and taking independent external advice where appropriate and available.

9. Risk reporting

In relation to the Board's reporting responsibilities in the annual report:

- Monitor and review the effectiveness of the Trust's risk management, including the risk register and internal control systems.
- Review the Trust's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the Trust Board's assessment of principal and emerging risks.
- Review and assess the Trust's risk appetite and associated stress testing.
- Evaluate the Trust's principal risks, to be taken into account by the Board when assessing the Trust's prospects against the risk register.
- Review and approve the statements to be included in the annual report concerning internal controls and risk management.

10. Internal controls and risk management systems

The committee shall oversee and seek suitable assurance regarding:

- The risk exposures of the Trust, including risk to the Trust's business model, and solvency and liquidity risks.
- The adequacy and effectiveness of the Trust's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
- The ability of the Trust's risk management and internal control systems to identify the risks facing the Trust and enable a robust assessment of principal risks.
- The Trust's capability to identify and manage new and emerging risks.
- The effectiveness and relative costs and benefit of particular controls.
- The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary.
- The Trust's ability to reduce the likelihood of principal risks materialising and the impact on the Trust of risks that do materialise.
- The appropriateness of the Trust's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Trust.
- The right of direct access of the staff member leading on risk to the Board Chair and to the committee.

11. Reporting responsibilities

The committee's minutes will be made available to the Board and copied directly to the Board and Finance Committee Chairs.

- The minutes will include:
 - significant issues that it considered in relation to the financial statements and how these were addressed
 - assessment of the effectiveness of the external audit process and matters related to the (re)appointment of the external auditor, including any advance notice of any retendering plans
 - any advice to the remuneration committee
 - any other issues on which the Board has requested the committee's opinion.
- The committee shall make whatever recommendations to the Trust Board it deems appropriate on any area within its remit where action or improvement is needed.
- The committee shall compile a report on its activities to be included in the Trust's annual report. The report should describe the work of the audit and risk committee, including:

- the significant issues that the committee considered in relation to the financial statements and other regulatory returns and how these issues were addressed;
 - an explanation of how the committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the FRC's Ethical Standards.
- In compiling reports the committee should exercise judgement in deciding which of the issues it considers in relation to the financial or risk statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Trust is a going concern. The report to members need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

12. Other matters

The committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the governance support function for advice and assistance as required.
- Be provided with appropriate and timely training, both in the form of an induction programme for new committee members and on an ongoing basis for all committee members.
- Give due consideration to all relevant laws, regulations and statutory guidance, and any other applicable documents, as appropriate.
- Be responsible for oversight of the coordination of the internal and external auditors.
- Oversee any investigation of activities which are within its terms of reference.
- Work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Trust Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- Ensure that a periodic evaluation of the committee's performance is carried out.

- At least annually, review the terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Trust Board for approval.

13. Authority

The committee is authorised to:

- Seek any information it requires from any employee of the Trust in order to perform its duties.
- Obtain, at the Trust's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so after liaising with the Board and the Accounting Officer.
- Call any employee to be questioned at a meeting of the committee as and when required.
- Have the right to publish in the Trust's annual report, details of any issues that cannot be resolved between the committee and the Board. If the Board has not accepted the committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the committee's recommendation and the reasons why the Board has taken a different position.