



**HUNTCLIFF ACADEMY TRUST**

**TRADING AS HUNTCLIFF SCHOOL**

**FINANCE POLICY**

**September 2023**

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Approved by the Trustee Board October 2023

## Document Table

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## **1. Introduction**

The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conform with the requirements both of propriety, efficiency and regularity and of good financial management. It is essential that these systems operate in accordance with the requirements of our funding agreement with the Department for Education (DfE) / Education Skills and Funding Agency (ESFA) and of that outlined in the Academy Trust handbook and Academies Account Direction. The policy – in conjunction with the Scheme of Delegation – acts as a framework for our Academy.

The Academy must comply with the principles of financial control outlined in the Academy Trust Handbook published by the DfE / ESFA. This manual expands on that and provides detailed information on the Academy's accounting procedures and systems. The manual should be read by all staff involved with financial systems.

## **2. Organisation**

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff. The financial reporting structure is illustrated below:

### **2.1 The Trustees**

The Trustees have overall responsibility for the administration of the Academy's finances. The main responsibilities of the Trustees are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of governance. The main responsibilities include:

- ensuring that grants from the DfE are used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher and
- appointment of the Business Manager, in conjunction with the Headteacher.

The trustees must apply the highest standards of conduct and ensure robust governance, as these are critical for effective governance and will aid compliance with the Academy Trust Handbook

- strategic leadership that sets and champions vision, ethos and strategy
- accountability that drives up educational standards and financial performance
- people with the right skills, experience, qualities and capacity
- structures that reinforce clearly defined roles and responsibilities
- compliance with statutory and contractual requirements
- evaluation of governance to monitor and improve its quality and impact

The academy trust must appoint a governance professional to support the board of trustees who is someone other than a trustee or headteacher of the trust to help with efficient functioning of the board.

Boards should refer to the DfE's material on: improving school resources, help manage capital assets and budgets, self- assessment tools and checks for boards.

Where the board has concerns about financial performance, it should act quickly ensuring the trust has adequate financial skills in place.

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process. The board must discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable.

## **2.2 The Audit Committee**

The Audit Committee is known as the Audit, Risk, Finance & Personnel Committee (ARFP). The Committee meets at least once a full term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Audit Committee are detailed in written terms of reference which have been authorised by the Trustees. They must

- review the external auditor's plan each year
- review the annual report and accounts
- review the auditor's findings and actions taken by the trust's managers in response to those findings
- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members regarding the auditor's reappointment, dismissal or retendering. Considerations may include:
  - the auditor's sector expertise
  - their understanding of the trust and its activities
  - whether the audit process allows issues to be raised on a timely basis at the appropriate level
  - the quality of auditor comments and recommendations in relation to key areas
  - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers
  - the auditor's use of technology
  - produce an annual report of the committee's conclusions to advise the board of trustees and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.

In addition, they will:

- review and authorise the annual budget;
- carry out regular monitoring of actual expenditure and income against budget;
- ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to Academies;
- authorise the award of contracts over £35,000
- authorise changes to the Academy personnel
- review the reports, delivering assurance on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Trustees.
- Ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions through curriculum-based budgeting.

## **2.3 The Headteacher**

Within the framework of the Academy school improvement plan, as approved by the Trustees the Headteacher has overall executive responsibility for the Academy's activities including financial activities. The Headteacher should be an employee, and requires EFSA approval if, exceptionally, they are not. The Headteacher is also known as the Accounting Officer. Much of the financial

responsibility has been delegated to the Business Manager but the Headteacher still retains responsibility for:

- authorising contracts up to £35,000 in conjunction with the Business Manager
- signing cheques in conjunction with the Business Manager or any other authorised signatory.
- Complete and sign a statement on regularity, propriety and compliance each year to be submitted to the ESFA with the audited accounts
- Take personal responsibility for assuring the board that there is compliance with the funding agreement and handbook

The Headteacher must have appropriate oversight of finance transactions by:

- Ensuring that the academy trust's property and assets are under the control of the trustees, and measures exist to prevent losses and misuse
- Ensuring that the bank accounts, financial systems and finance records are operated by more than one person
- Keeping full and accurate account records to support the annual accounts
- take appropriate action to ensure ongoing viability

## **2.4 The Business Manager**

The Business Manager is also appointed as the chief financial officer and works in close collaboration with the Headteacher through whom he or she is responsible to the Trustees. The Business Manager should be an employee, and requires EFSA approval if, exceptionally, they are not. The CFO must be appropriately qualified and / or experienced, should maintain continuing professional development and undertake relevant, ongoing training. The Business Manager also has direct access to the Trustees via the ARFP Committee and when attending the Trustee meetings. This person has delegated responsibility for the trust's detailed finance procedures.

The main responsibilities of the Business Manager are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system;
- management of the Academy's financial position at a strategic and operational level within the framework for financial control determined by the Trustees;
- maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- preparation of monthly management accounts;
- authorising orders above £3,000 in conjunction with budget holders
- signing cheques in conjunction with the Headteacher or other authorised signatory
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- prepare management accounts every month setting out the Academy's financial performance and position including income and expenditure, variation to budget report, cash flows and balance sheet.
- Ensure if any transactions that have delegated authority limits beyond the trust or are related party transactions, they have prior approval from the ESFA.

## **2.5 Internal scrutiny and delivering assurance**

There must be a system of internal scrutiny and delivering assurance agreed by the Trustees. The risk review will provide Trustees with an independent oversight of the Academy's financial affairs. The main duties of the appointment of an internal scrutiny service is to provide the Trustees with independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively:

- the financial responsibilities of the Trustees are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.
- independent checking of financial controls including regularity, propriety and value for money

The appointed internal scrutiny service will undertake a review each year to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trustees. It must focus on evaluating controls, offering advice and insight, ensuring it looks at all categories of risk. A report of the findings from each visit will be presented to the ARFP Committee or Trustee meeting if this is sooner. Detailed guidance on the transactions to be checked is given in Annex 2 of the academy trust financial management good practice guides – internal scrutiny in academy trusts.

## **2.6 Other Staff**

Other members of staff, primarily the Finance Assistant and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. Finance staff must be appropriately qualified and / or experienced.

There are clear segregation of duties and therefore in the absence of the Business Manager the Finance Assistant will assume these duties, supported by a member of the Senior Leadership Team.

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

## **2.7 Register of Interests and trading with connected parties**

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 Academy Trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies and / or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

The Academy's register of interest must capture relevant business and financial interests of members, trustees and senior employees, including:

- Directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- For each interest: the name and nature of the business, the nature of the interest and the date the interest began

The register must identify relevant interests from close family relationships between the trust's members, trustees and employees.

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 Trustees or a committee. Where an interest has been declared, Trustees and staff should withdraw from that part of any committee or other meeting.

The trust must pay no more than 'cost' for goods or services (Academy Trust Handbook 5.49-5.59) provided by a connected party.

The Academy Trust Handbook has been updated to provide further clarity on Governance:

Trustees must understand their duties as Company Directors

- Trustees must provide details of its governance arrangements in their governance statement published with the Annual Accounts and on the Trust website
- The trustees should identify the skills they require and address any gaps through recruitment or training
- The Scheme of Delegation to be published on the Trust website
- The Chair of Trustees and the Accounting Officer must manage their relationship with connected parties to avoid both real and **perceived** conflicts of interest
- Academy Trusts (AT) must recognise that their relationships with some connected parties attract greater public scrutiny and require high standards of accountability and transparency
- Academy Trusts must capture relevant business and pecuniary interests of members, trustees, accounting officer and senior employees – trustees, accounting officer and members published on website – and consider whether other individuals should be included in the register (in support of transparency and accountability). Members must not be employees or occupy unpaid staff roles and must remain informed about trust business.
- Above the de-minimus threshold of £2.5K the trust must pay connected parties at no more than cost

The following must be published on the website:

- Trustees' information and duties including the trustee board's structure and responsibilities; details of any committees.
- Members and trustees including the Chair serving at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable), and relevant business and pecuniary interests including governance roles in other educational institutions.
- Attendance records
- Charging and remissions policy
- Annual report including annual audited accounts
- Memorandum of association
- Articles of association
- Funding agreement
- Executive pay for employees who have a gross salary and benefits of £100,000 or more.



### **3. Accounting system**

All the financial transactions of the academy must be recorded on the Xero accounting system. The Xero system is operated by the Finance Department and includes: invoices, bills to pay, purchase orders, sales, journals, reports and VAT returns.

#### **3.1 System Access**

Entry to the Xero system is password restricted.

Access to the component parts of the Xero system can also be restricted and the Business Manager is responsible for setting access levels for all members of staff using the system.

**3.2 Back-up Procedures and Disaster Recovery Plan** Xero operates as a cloud-based system.

#### **Back-up Procedures**

The Business Continuity Plan will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the Trust of the major risks to which the Trust and Academy are exposed and the systems that have been put in place to mitigate those risks.

#### **3.3 Transaction/Processing**

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

All journal entries keyed must be agreed by the Business Manager who will counter-sign the entry as proof of authorisation.

Bank transactions should be reconciled by the Business Manager through the reconciliation screen on Xero and checked by the Headteacher.

Detailed information on the operation of the Xero system can be found in the user manuals held in Xero.

#### **3.4 Transaction Reports**

The Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. This will form part of a higher-level monthly check as part of month end close-down.

Once the month end procedure is complete the Business Manager and Headteacher must review the financial performance and position of the academy.

#### **3.5 Reconciliations**

The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- aged payables;
- aged receivables;
- payroll account;
- all suspense accounts and
- bank balance per the reconciliation to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Business Manager. The Business Manager will review and sign the month end form as evidence of their review.

#### **4. Financial planning**

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

The medium-term financial plan is prepared as part of the school improvement planning process. The school improvement plan indicates how the Academy's educational and other objectives are going to be achieved using the expected level of resources over a five-year period including expected student numbers.

The school improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources.

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

The academy trust must submit to the EFSA any returns by the specified deadlines stated in the academies financial planning calendar.

#### **4.1 Evaluation and School improvement planning**

The school improvement plan outlines with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy's objectives and targets to the resources expected to be available. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the school improvement plan are matters for the Academy 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.

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

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 Headteacher.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The Headteacher with assistance from the Business Manager should monitor performance against the defined success criteria throughout the year and report progress on a regular basis if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

#### **4.2 Annual Budget**

The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, ARFP Committee and the Trustees.

The approved budget must be submitted to the ESFA by the published date each year and the Business Manager is responsible for establishing a timetable which allows enough 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 Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the school improvement 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 ESFA grant receivable;
- review of other income sources available to the Academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Academy cost base;
- identification of potential efficiency savings
- review of the main expenditure headings in light of the school improvement plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.
- A staffing structure that fulfils statutory requirements and supports academy improvement. The staff cost should not exceed more than 75% of the total in year funding without the knowledge of the Trustees. Staffing costs over 75% of total income are considered high. The trust needs to review future staffing costs over the three years.

### **4.3 Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or short fall 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.

### **4.4 Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager for approval by the Headteacher, the ARFP Committee and the Trustees.

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 will need revising at least termly as circumstances change. This information should be shared with the ARFP committee and, if required, all trustees.

### **4.5 Monitoring and Review**

Monthly reports will be prepared by the Business Manager and shared on the secure site for the Chair, Trustees and Members. The reports will include:

- The financial performance and position of the trust
- Budget variance report(s)
- An income and expenditure account
- A cash flow and balance sheet.

The ARFP Committee will be updated termly, or more often if this is agreed with a budget update and 5-year plan. Any potential overspend against the budget must in the first instance be communicated with the Headteacher. No overspend against a budget is allowed without the approval of the Business Manager.

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 adjust the budget from another budget or from the contingency. The Headteacher is empowered to amend the budget during the year up to a £15,000 increase or decrease. Adjustments above this figure must be authorised by the Trustees or ARFP Committee.

## Financial Performance

At key stages in the year data is analysed and assessed according to financial and budgetary risk. Indicators include:

- In year and future outturn position – surplus / deficit
- Salary costs as a percentage of guaranteed funding
- Benchmarking and comparative data
- Pupil Teacher Ratios
- Projected number on roll
- External funding factors

Income and expenses over £2,500 must be recognised, on an accruals basis, in the accounting year which they relate when completing financial returns to the ESFA and year end.

### **4.5.1. Risk Register and Business Continuity Plan**

The Risk Register is reviewed on at least an annual basis and the Continuity Plan on an annual basis.

### **4.5.2. Investment Policy**

In accordance with the Investment Policy, surplus income will be held in either a 30-Day Notice Account, 7-Day Notice Account or immediate withdrawal account. The Headteacher and Business Manager monitor the Academy's funds on a termly basis and transfer funds between these accounts as appropriate.

## **5. Payroll**

The main elements of the payroll system are:

- staff appointments / leavers / amendment to contract;
- payroll administration and
- payments.

### **5.1 Staff Appointments and pay awards**

The Trustees will review personnel issues and changes at the trustee meeting. Before any changes the Headteacher, in conjunction with the Business Manager, must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint short term, temporary and support staff. The Headteacher plus two nominated Trustees appoint senior leadership staff. The full Trustees must meet with a quorum of 50% to consider the arrangements for the appointment of the Headteacher, Deputy and Assistant Headteachers. The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.

The Trustees follow the pay policy for annual pay awards. Agreement to alter an individual's pay over and above these pay awards will be taken by the ARFP Committee.

### **5.2 Payroll Administration**

The Academy payroll is administered by HR Solutions.

All staff are paid monthly, on 28<sup>th</sup> of each month.

The payroll provider will produce payslips which state the following information for employees:

- Salary;

- Bank account details;
- Taxation status;
- Pension payments;
- Personal details and
- Any deductions or allowances payable.

Monthly the Business Manager completes:

- Sickness and other absence returns stating the reason for staff absence during the month.
- New appointments, contractual amendments and termination forms as appropriate each month.
- Overtime returns.
- Expenses

This work is carried out between the 1<sup>st</sup> and the 20<sup>th</sup> of each month. All forms must be authorised by the Headteacher, or a member of the Senior Leadership Team. Completed forms are then handed to the Business Manager to update the payroll control sheet.

Expenses claim forms for travel undertaken by staff are handed to the Business Manager who arranges authorisation of each claim.

- The spreadsheet is prepared by the Business Manager or a nominated person and under dual control this is checked by Headteacher.
- All relevant forms are uploaded to the payroll provider's portal before the fifteenth of the month.
- The payroll provider produces the payroll data by their prescribed date each month which is checked by the Business Manager.
- Should there be any discrepancies/amendments, these are referred to the payroll provider.
- A fresh set of data is then produced by the payroll provider.
- Once the Business Manager and Headteacher are satisfied that all data is correct this will be authorised under dual control. The payroll provider document is then authorised for payment by the Business Manager.
- The payroll details are then approved via the payroll portal by the twenty-second of each month to enable payment to staff on the twenty-eighth of each month.
- Full reports and staff payslips are produced by the payroll provider monthly and sent to the Academy via the payroll portal.
- The Headteacher or a member of Senior Leadership will approve the control sheet and journal monthly

On an annual basis, the Business Manager must check each member of staff's details to ensure that the gross pay on the payroll system agrees to the contract of employment held in the personnel files.

### **5.3 Payments**

All salary payments are made by BACS.

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. The amounts payable are summarised on the gross to net pay print. This must be checked by the Business Manager and Headteacher and authorisation given for payments to be made. These are arranged to be paid as a BACS payment by the payroll provider.

After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. The Headteacher should review the payroll monthly along with the journal entries as part of their monthly checks. In the event of the Business Manager being absent the Finance Assistant will be authorised to carry out this function.

## **6. Purchasing**

The Academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and 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 Academy;
- **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

### **6.1 Routine Purchasing**

Budget holders will be informed of the budget available to them. 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 monthly and budget holders are encouraged to keep their own records of orders placed but not paid for.

Routine purchases up to £3,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of regular suppliers maintained by the Finance Office on Xero. Alternatively, if a payment is made to a new supplier, suitable checks should take place to ensure the company is legitimate. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the supplier list the reasons for this decision must be discussed and agreed with the Finance Office.

Orders must be made, or confirmed, in writing using an official purchase order form, by placing it on the Academy accounting system; Xero. Orders must bear the signature or authorised email from the budget holder. Orders in excess of £3,000 must be authorised by the Business Manager. Orders below £3,000 can be authorised by the Finance Team. Orders for annual contracts, such as: utilities, bus passes, catering and cleaning, a purchase order form must be completed and signed by the Headteacher and Business Manager for the anticipated annual cost; however, this type of order does not have to be entered on to Xero. Any order resulting in a department overspend must be discussed with the Business Manager or Headteacher before agreement that the order can go ahead. It is recognised that some budgets have large upfront costs at the beginning of term or one-off costs per year.

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. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Assistant will keep a record on the invoice of this. If this results in a credit note the invoice should not be paid until the credit note

is received. Only in exceptional circumstances will the Business Manager agree payment before receipt of a credit note

All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Finance Assistant in the purchase ledger. The Finance office will stamp invoices with a grid against which the following can be evidenced:

- (a) PO number – if applicable
- (b) goods received
- (c) valid invoice
- (d) invoice authorised for payment – initials of Business Manager and Headteacher
- (e) department code
- (f) nominal code
- (g) date invoice paid

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

As part of agreeing the payment date, the cash flow of the Academy should be considered. Xero works on an accrual basis.

#### **6.1.1. Debit Card**

One debit card is in issue and locked in the safe for security. The Business Manager ensures it is used under dual control, if not by the Headteacher. Two staff members, which must include the Business Manager, place the order and check all transaction details. All expenditure is supported by an invoice or receipt and analysed in accounting records. The Business Manager agrees the reconciliation as part of the bank reconciliation. No debit card details are stored with a supplier – details must be inputted afresh for each new transaction. The debit card is in name of the Business Manager and must be cancelled and destroyed if that individual ceases to work for Huntcliff Academy Trust. Only in exceptional circumstances should the card be removed from the premises and not without agreement from the Headteacher or Business Manager. A Charge card is the preferred method of payment.

#### **6.1.2. Direct Debits**

Direct debits are set up following authorisation from the Headteacher. Payments are entered onto the Xero accounting system by the Finance Office. The Business Manager agrees the payment in Xero accounting system once it has appeared on the system.

#### **6.1.3 Business Charge Card**

Two business charge cards are issued and locked in safe for security. The charge card should be used in preference to the debit card. The Headteacher or Business Manager signs off orders placed using the business charge card; this can be done as part of the monthly check. All expenditure is supported by an invoice or receipt and analysed in the accounting records. The Business Manager prepares the reconciliation on Xero and the Headteacher agrees this as part of month-end (or Finance Assistant in the Business Manager's absence). Where possible, transactions should be limited to £750 per transaction; however, there may be exceptional circumstances where this may be exceeded with approval from the Business Manager and Headteacher. Business charge cards are in the names of the Headteacher and Business Manager and must be cancelled and destroyed if the individual ceases to work for Huntcliff Academy Trust.

Only in exceptional circumstances should the card be removed from the premises and not without agreement from the Headteacher or Business Manager. This is the preferable than taking the debit card from the premises.

## 6.2 Invoices.

The Finance Office inputs details of payments to be made on Xero to generate the BACS run. The BACS run payments must be detailed and documentary evidence produced in order that the Headteacher or Assistant Headteacher can authorise the payment. The actual BACS payment must be prepared and approved by the Business Manager (in their absence the Finance Assistant) and final authorisation by one of the nominated senior management team. If payment is by cheque all associated paperwork must be authorised by two of the nominated cheque signatories in accordance with the bank mandate.

### 6.2.1 VAT

The Academy claims VAT reimbursement on its purchases using the HMRC form VAT 126. This is the refund process used by Academies and similar bodies. Form VAT 126 requires listing the supplier invoices in respect of which a claim is being made, including each supplier's VAT registration number. VAT 126 claims are made monthly only on purchases used for educational purposes.

Xero has step by step instructions for retrieving the VAT information required for completing the VAT 126 form.

The Academy needs to check its VAT to determine whether the taxable turnover threshold of £85,000, or trading income threshold of £50,000, has been exceeded, requiring the academy to register for VAT. If the taxable turnover is below the £85,000 threshold, the academy should consider whether it would be beneficial to register for VAT on a voluntary basis. If required, the Academy should seek specialist advice.

## 6.3 Orders over £10,000 but less than £35,000

At least three written quotations should be obtained for all orders between £10,000 and £35,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Ideally these can be scanned onto Xero. Telephone quotes are acceptable if these are evidenced, and email confirmation of quotes has been received before a purchase decision is made.

## 6.4 Orders over £35,000

All goods/services ordered with a value over £35,000, or for a series of contracts which in total exceed £35,000, must be subject to formal tendering procedures or use a formal framework. Purchases over £138,760 may fall under the find a tender service procurement rules, which requires advertising in FTS (Find a tender). The Academy can use a framework for procurement which meets the purchasing requirements for contracts over £138,760, which will result in negotiated tender of one quote. The Academy can also consider using a company to tender on their behalf or as part of a consortium.

## 6.5 Forms of Tenders

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 Business Manager 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.
- **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.

## 6.6 Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements to 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.

## 6.7 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.

## 6.8 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?

### 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.

### **6.9 Tender decision Making - Delegated Authority**

For contracts up to £35,000 either the Headteacher or Business Manager have delegated authority by the Trustees on the decision making. Over £35,000 the decision making and criteria should be reported to the ARFP Committee and / or Trustees.

### **6.10 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.

### **6.11 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 over £138,760 - either the Business Manager or the Headteacher plus a member staff.

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.

### **6.12 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; they should be prepared for the Audit Committee highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the ESFA, 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.

### **Single Tender Waiver**

In some, exceptional circumstances, a single tender waiver may be necessary – see appendix

## **7 Income**

The main sources of income for the Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the Academy are collected.

The Academy also obtains income from:

- Voluntary contributions from parents
- Charging for music
- the public, mainly for lettings.
- students, mainly for trips
- School buses out of catchment

The Business Manager instructs the Finance Assistant to raise sales invoices as appropriate, e.g., music tuition; supply cover; miscellaneous grants. Receipt of such funding is monitored monthly by the Business Manager and appropriate action taken to ensure payments are received. Any disputes/discrepancies are brought to the attention of the Headteacher, and appropriate action taken.

### **Parentpay**

Parents are advised of the costs by letter, prepared by the Finance Assistant, and the pupils are inputted on Parentpay. Payments are collected via Parentpay. Expected dates of payments are given to parents and if payments are overdue contact is made.

- Parentpay is reconciled by the Business Manager through the Xero finance system.
- Parentpay transactions can be altered to go directly into the school fund rather than the main account if it is not part of the school income such as charity income.

### **School Buses out of catchment**

Parents are advised of the costs by letter prepared by the Finance Office. Payments are collected by GoCardless, BACS transfer and in exceptional circumstances cash. Income and expenditure are inputted monthly and reconciled by the Finance Office and agreed to Xero at month-end.

#### **7.1 Trips**

The procedures for organising any visits are detailed in the Visit Policy.

The price of a visit is to be agreed by the Finance Office in conjunction with the trip leader.

#### **7.2 Lettings**

The Business Manager is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the facilities should be sent by the Business Manager to the Finance Assistant who will establish a sales ledger account and produce a sales invoice from the Xero accounting system. Details of payments made, and outstanding accounts will be forwarded to the Business Manager at the beginning of each week and the Business Manager is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

No debts should be written off without the express approval of the Trustees (the ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Organisations using the Academy's facilities should be instructed to send all payments to the Finance Office.

### **7.3 Custody**

Official, pre-numbered Academy receipts should be issued for all cash and cheques received where no other formal documentation exists, or this is held on systems such as Parentpay (to avoid duplication). All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place at least every term or more frequently if the sums collected exceed £1,000 in cash and prepared by the Finance Office.

Monies collected must be banked in their entirety in the appropriate bank account. The Business Manager is responsible for checking the 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 Business Manager.

### **7.4 Fund Raising**

When fund raising from the public, numbered tickets must be issued, and money received balanced to the ticket sales.

## **8 Cash Management**

### **8.1 Bank Accounts**

The opening of all accounts must be authorised by the Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **8.2 Deposits**

Particulars of any deposit must be entered on a paying-in slip, counterfoil or listed in as 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.

### **8.3 Payments and withdrawals**

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

- Headteacher (A)
- Assistant Headteacher (A)
- Business Manager (B)

The signing mandate is for:-

Option 1 2 from group (A)

Option 2 1 from group (A) and 1 from group (B)

This provision applies to all accounts, public or private, operated by or on behalf of the Trustees of the Academy. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Money moved between the various School Bank accounts can be agreed by the Business Manager up to £10,000. Any amounts over this limit should be signed by the Headteacher or Assistant Headteacher.

#### **8.4 Administration**

The Business Manager 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 Academy's cash book;
- reconciliations are prepared by and agreed by the Business Manager;
- reconciliations are subject to an independent monthly review carried out by the Headteacher or in their absence the Accountant and adjustments arising are dealt with promptly.

#### **8.5 Petty Cash Accounts**

The Academy maintains a maximum cash balance of £350. The cash is administered by the Business Manager and is kept in the school safe.

#### **8.6 Deposits**

The only deposits to petty cash should be from cheques cashed specifically for the purpose or as a withdrawal from the School's debit card up to a maximum of £200. The receipt should be recorded in the petty cash relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

#### **8.7 Payments and Withdrawals**

In the interests of security, petty cash payments will be limited to £100. Higher value payments should be made by cheque directly from the main bank account as a cheque payment or claimed through payroll as an expenses claim. In exceptional circumstances, the Business Manager can agree, authorise and spend above this limit.

##### **8.7.1 Expenses Claims**

An expense claim form must be completed and receipts provided. The Business Manager or suitable Senior Leader is authorised to carry out this authorisation. The Business Manager checks all claims for accuracy before payment is made. Any mileage rate paid for motor travel is paid at HMRC rates that do not result in a tax or national insurance liability for Huntcliff Academy Trust or the claimant. Monthly expenses claims are paid to staff in their salary. Where possible, hotel and rail costs should be completed using a purchase order and paid directly by the Academy. In exceptional circumstances these can be authorised by the Headteacher and then paid by the Business Manager via BACS through the Xero accounting system and bank account.

#### **8.8 Administration**

The Finance Office 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 Business Manager to ensure that the cash balance reconciles to supporting documentation.

#### **8.9 Physical Security**

Petty cash should be held in a locking cash box which is put in the safe overnight.

#### **8.10 Cash Flow Forecasts**

The Business Manager is responsible for preparing cash flow forecasts to ensure that the Academy 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 to cover potential cash shortages.

### **8.11 Investments**

Investments must be made only in accordance with written procedures approved by the Trustees.

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.

## **9 Fixed assets**

### **9.1 Asset register**

All assets costing more than £2,000, and with an expected useful life exceeding one year, are capitalised. Items with individual values below £2,000 but which form part of a larger project / scheme, which when accumulated total more than £2,000, are to be reviewed on a case-by-case basis and capitalised together, if deemed necessary and appropriate. These items must be entered into the fixed asset section of the Xero accounting to enable correct depreciation recording. Xero should include the following information:

- asset description
- asset number
- date of acquisition
- asset cost
- depreciation

The depreciation will be done monthly through Xero.

The Inventory Register and Xero 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 academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Each department also holds an Inventory in an electronic format.

The budget must include provision being made to sustain capital assets, and reflect lessons learned from previous years.

### **9.2 Security of assets**

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

All the computer items in Xero should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count 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 Trustees. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

### **9.2.1 Disposals**

The Headteacher is empowered to write off assets to a limit of £2,500 per individual item after depreciation. The ARFP Committee may authorise the disposal of stock that is no longer required up to a limit of £5,000 after depreciation. For individual items with a value between £5,000 - £20,000 after depreciation the Trustees would approve such disposals of assets and ensure steps were taken to maximise income and adequate records being maintained.

Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without ESFA's approval, subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

The Headteacher must be informed in the first instance if items are to be disposed of. This will ensure that the asset is no longer of use to the Academy (is obsolete), and that obsolete stocks are destroyed to ensure they are not illegally procured and then resold. IT equipment is to be disposed of using the Academy's chosen contractor.

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

The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid.

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

Loan of Assets - Items of Academy property must not be removed from Academy premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back into the Academy when it is returned.

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

### **9.2.2. LIABILITIES AND WRITE-OFFS**

Huntcliff Academy Trust may perform the following financial transactions up to the limit set out below: writing off debts and losses (including any uncollected fines); entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the Academy Trust). The limit is:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.

Beyond this limit Huntcliff Academy Trust must seek and obtain explicit and prior approval of the ESFA.

## **9.3 Annex 2d: Procurement - Best Practice Checklist**

1. Policies and procedures for procurement should be documented and adhered to, to ensure that the process is being carried out in a fair, open and best value basis. The documentation should describe:

- roles and responsibilities of those involved in procurement (e.g. Trustees, Headteacher, Business Manager, other senior managers and the finance assistant);

- delegated authority levels, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Trustees;
- arrangements to ensure segregation of duties;
- how purchases are recorded (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, individuals with relevant experience including the end-users (e.g. budget holders) should be involved when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the Academy but may also help achieve buy-in by the end-users.

3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the Academy's start up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that they non-essential purchases are challenged.

4. Procurement decisions should be clearly recorded to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings;
- the options available should be recorded;
- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

5. All key documents should be retained together by the Academy. This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision;
- signed copies of the contracts awarded;
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the Academy prior to cessation of the contract with the project management company.

6. An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased.

Updating of the register as assets procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

Xero will show purchases of "attractive items" (i.e. items with a cost below the Academy's capitalisation threshold) such as minor office equipment.



7. Fitness for purpose should be a key consideration in any procurement decision (e.g. Should be of the correct specification; fixtures and fittings should be of adequate durability).

8. Opportunities should be taken for bulk purchase discounts, for example by combining similar orders.

9. When ordering goods an assessment of likely delivery time frames should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

## **10. Leases**

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

- Taking up a finance lease on any class of asset for the duration from another party, as this would represent borrowing;
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than 7 years; and
- Granting a leasehold interest, including a tenancy agreement, on land or buildings to another party

The Academy Trust may take out and grant other types of lease (i.e. other than finance leases, leasehold and tenancy agreements as described above), without the ESFA's approval. Leases should be disclosed in the trust's annual accounts.

The Academy's external auditor should be contacted for their professional advice if the Academy has any doubt as to whether or not any particular lease does or does not involve an element of borrowing. Information regarding Leases is also available on the ESFA website.

## **THE ROLE OF DELIVERING ASSURANCE**

The role of delivering assurance is to provide the Trustees with an on-going oversight of the Academy's financial affairs. The Academy must report on their finances to give assurance to parliament and the public about the use of resources.

The Trustees need to follow the guidelines provided by the EFSA regarding delivering assurance. The Trustees need to decide how to manage this programme of risk review and checking of financial controls in the way they deem most appropriate to the Academy's circumstances.

The role of external auditors has been discharged to Forrester Boyd. As part of this role they will:

## **PAYROLL**

- Select five employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct;
- Check five amendments to the payroll to ensure it has been appropriately authorised and source documentation exists;
- Review the final payroll print for one month to ensure it has been appropriately authorised.
- Review a sample of expense claims

## **PURCHASES**

- Select five payments made within the year to ensure that:
  - The payment is correctly authorised;
  - The payment is correctly recorded in the accounting system;
- Check a sample of orders to delivery notes;
- The invoice is correctly authorised;
- Then invoice agrees to the order;
- That goods or services have been certified as received;
- The order is correctly authorised;
- That the order has been placed with an appropriate supplier.
- Obtain details of any contracts let with a value over the prescribed limit and review documentation to ensure correct quotation/tender procedures have been followed;
- Spot checks of petty cash;
- Review progress against any significant capital contracts to ensure payments made are appropriately and progress is satisfactory;
- Review all major contracts to ensure formal tendering procedures exist and are being adhered to.

## **INCOME**

- Review receipts from the ESFA and sponsors and check that the amounts received agree to source documentation;
- Select one category of 'miscellaneous receipts' and ensure;
- Appropriate action has been taken on any overdue amounts;
- Primary records of amounts due reconcile to records of monies collected;
- Monies recorded as collected have been banked promptly and in full;
- Ensure monies collected are recorded in the accounting system.

## **ACCOUNTING SYSTEM**

- Review bank reconciliations to ensure that they have been correctly prepared and authorised;
- Review control account reconciliations to ensure that they have been correctly prepared and authorised;
- Review, through sample checks, the procedures used to prepare financial reports issued to Trustees and officers of the Academy and ESFA financial returns to be satisfied that they are completed accurately and promptly.

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as trustees for charitable activities of Huntcliff Academy Trust are also the directors of the Charities Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Trustees on .....and signed on its behalf by:

[Signed]

[Name .....]

[Chair]

# HUNTCLIFF ACADEMY TRUST

## STATEMENT ON INTERNAL CONTROL AND SCRUTINY

### Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Huntcliff Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Trustees have delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Huntcliff Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### Capacity to Handle Risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that is in place. This process is regularly reviewed by the Trustees.

### The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- Regular reviews by the Trustee Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;

### Statement on Internal Control (continued)

- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Trustees have considered the need for a specific internal scrutiny function and will appoint an independent internal auditor to deliver assurance reviewing and checking for the Academy. Four areas of

review are to be completed each year and a report produced for the Business Manager and Headteacher. The Headteacher and Business Manager report to the Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

### **Review of Effectiveness**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Responsible Officer;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees Finance sub-committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trustees on..... and signed on its behalf by:

**[Signed]**

**[Signed]**

**[Name        ]**  
**[Chair]**

**[Name]**  
**[Accounting Officer]**

## **PRINCIPAL ACCOUNTING POLICIES**

### **Format of financial statements**

The statutory format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information that complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2019') and reflects the activities of the academy.

### **Basis of accounting**

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice) and the Charities SORP 2019.

The principal accounting policies of the charitable company are set out below:

### **Incoming resources**

#### **Grants receivable**

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet.

#### **Gifts in kind**

Gifts in kind provided to the academy is recognised in the statement of financial activities at their value, as determined by the Trustees, in the period in which they are receivable, and where the benefit is both quantifiable and material.

#### **Sponsorship**

Sponsorship provided to the group is recognised in the statement of financial activities in the period in which it is receivable.

#### **Donations**

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

#### **Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis.

### **Resources expended and the basis of apportioning costs**

- **Resources expended**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

- **Allocation of costs**

In accordance with the Charities SORP, expenditure has been analysed between the academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

- **Governance costs**

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

### **Tangible fixed assets**

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised. Items with individual values below £2,000 but which form part of a larger project / scheme, of which when items are accumulated total more than £2,000, are to be reviewed on a case by case basis and capitalised together if deemed necessary and appropriate in order to reflect the life expectancy of over 1 year.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

- “ Leasehold land 125 years
- “ Leasehold buildings 27.65 years
- “ Fixtures, fittings and equipment 20% p.a, 25% p.a, 33% p.a.
- “ Motor vehicles 25% p.a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the academy or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

### **Fund accounting**

The unrestricted general fund represents monies which may be applied for any purpose within the academy's objects at the discretion of the Trustees.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

### **Leased assets**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight-line basis over the lease term.

### **Taxation**

Huntcliff Academy Trust is a registered charity and accordingly is exempt from taxation on its activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992.

### **Pensions**

#### ***Defined Benefit Schemes***

- **Teachers' Pension Scheme**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Education and Skills Funding Agency. As the group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the group has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the academy in the year.

- **Local Government Pension Scheme**

Non-teaching members of staff offered membership of the Local Government Pension Scheme (LGPS), which are managed by the East Riding Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the academy's share of assets and liabilities and requirements of the FRS 17, Retirement Benefits, have been followed.

The academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.



# Investment Policy Statement

Date: May 2021

Revision: C

Author/Responsible: Forrester Boyd

Approved by the Trustee's: May 2021 Approved by the Full Trustee's: May 2021

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## **I) General Background**

Huntcliff Academy Trust is a successful and popular school. We are very proud of our local reputation of being a very good Academy and we owe much of our success to the way pupils and staff work purposefully together with common learning goals in mind. Our designation as a specialist college for engineering and technology opens up further opportunities for academic excellence.

Huntcliff Academy Trust has pupils aged 11 – 16. The school stands on a pleasant site on the eastern edge of the rural town of Kirton in Lindsey. The pupils come, not only from the town itself but also from the neighbouring towns and villages.

Huntcliff Academy Trust is a happy school. Our pupils enjoy coming to the school and enjoy the social opportunities. However, we do have a 'work first ethic' and our vision statement was designed with this in mind.

The Huntcliff Comprehensive School officially became an Academy on January 31<sup>st</sup> 2012, and is now known as Huntcliff Academy Trust.

The school traditionally had always been independently minded.

## **II) Purpose**

The purpose of this policy and procedures is to ensure that the school maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial managements. It is essential that these systems operate properly to meet the requirements of the Huntcliff Academy Trust funding agreement with the Secretary of State for Education.

The school must comply with the principles of financial control outlined in the academies guidance published by the Department for Education (DFE). This policy expands on that and provides detailed information on the School's accounting procedures. It should be read by all staff involved with financial systems and accountability.

This policy applies to the financial administration across the whole school.

### **Investment Objectives**

- 1) The Academy seeks to produce the best financial return within an acceptable level of risk.
- 2) The investment objective over the short term is to generate a real return above inflation per annum after expenses.
- 3) The investment objective over the longer term (3 years plus) is to generate a return above inflation plus 4%, after expenses. This should allow the academy to at least maintain the real value of assets.

## **III) Investment Powers**

Why do charities invest?

Historically, most charities use their investments to achieve their charitable aims by seeking the best financial return on their assets, appropriate to risk, which can then be used to directly fund its aims. We refer to this as financial investment. More recently this way of investing has included approaches that also further a charity's aims, or reflect its ethical stance. There are specific rules set out in law that charities must follow for financial investments.

Before exercising any power of investment and when reviewing the Huntcliff Academy's investments, trustees must obtain and consider advice from someone experienced in investment matters, unless they have good reasons for not doing so.

Trustees must consider whether it is in the Huntcliff Academy's best interests to take advice from an individual or firm not connected with the charity, or from a fellow trustee, if there is a trustee with suitable financial experience and ability. They can decide not to take advice if they conclude that it is unnecessary, or inappropriate in the circumstances. For example, if there is only a small amount available for investment.

Trustees who give investment advice are responsible for the quality of the advice which they offer. Like any other adviser, the trustee may incur a liability to the charity if it makes a loss as a result of poor or negligent advice. The other trustees must also consider any advice from a fellow trustee objectively and act in the best interests of Huntcliff Academy Trust.

The charity's assets must be invested in accordance with the Trustee Act 2000 and the trust instrument.

#### **IV) Investment Policy**

##### **a) General Objectives**

The investments must be managed in such a way as to provide sufficient income to enable the Huntcliff Academy Trust to carry out its purposes effectively both in the short term and over the longer term. Where possible, the value of the assets should enhance so as to keep pace with inflation over the longer term.

The assets under the Headteacher and Business Manager's supervision shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent person shall be observed. All transactions undertaken on behalf Huntcliff Academy Trust shall be for the sole benefit of the school.

##### **Cash Reserve**

The agreed reserve should be invested in interest bearing securities. The reserves shall be invested in interest bearing bank accounts with a withdrawal notice period of less than one year or invested in individual fixed income securities such as bank investment accounts, Certificates of Deposit, UK Treasury Bonds, and other similar instruments with less than one year to maturity.

**Other Securities.** This will only be permissible with prior approval of the Academies Trustees.

##### **Non-Permitted Investments and Transactions**

The school trustees may not concentrate more than 10% of the portfolio in any security or issue other than Agencies of the UK Government, or UK bank account investments or money market instruments described above. Derivatives will not be permissible investments for Huntcliff Academy Trust.

##### **Ethical Approach**

Huntcliff Academy Trust does adopt an ethical approach within the Investment Policy Statement. We are however, supportive of companies that seek to develop their businesses successfully and sustainable in the interest of shareholders. The use of positive ethical criteria in assessing companies is generally incorporated within the investment approach.

Criteria have been identified across five broad areas as:

- Responsible employment practices
- Best corporate governance practice
- Conscientiousness with regard to human rights
- Sustainable environmental practice
- Sensitivity towards the communities in which business operates

The Huntcliff Academy Trust reserves the right to avoid investment in companies whose management practices they judge to be unacceptable. Given the complexity of many companies, some will have business interests in areas the school seek to avoid.

##### **b) Acceptable Risk**

There are several aspects to investment risk, including how the Huntcliff Academy Trust feels about risk, how much risk the school can afford to or wish to take and the risk of not meeting a particular goal or objective. Understanding the school's attitude to risk will allow professional adviser's recommendations to be tailored to better meet the school's needs.

A Risk Profiling questionnaire was completed. It is designed to measure risk attitude and risk personality. They are based upon social science of psychometrics and have been created by Distribution Technology (in association with Oxford Risk, an industry-leading psychometric profiling company).

The attitudinal answers can be used as the basis for discussion and agreement regarding a final risk profile. Subsequent recommendations take the school's answers into account but will not have a direct bearing on any particular products or funds that may be recommended as a result.

**The Huntcliff Academy Trust**  
**Risk Profiler Responses**

Question	Client
I would be willing to risk a percentage of my income / capital in order to get a good return on an investment	Neither agree or disagree
To achieve high returns, it is necessary to choose high-risk investments	Strongly agree
When I am faced with a financial decision I am generally more concerned about the possible losses than the probable gains	Neither agree or disagree
I would rather know that I was getting a guaranteed rate of return than be uncertain about my investments	Strongly agree
Compared to the average person, I take lower financial risks	Strongly agree
I would rather put my money in a bank account than invest in shares	Strongly Agree
I do not feel comfortable with financial uncertainty	Strongly Agree
I would accept potential losses in order to pursue long-term investment growth	Strongly Disagree
Taking financial risks is important to me	Strongly Disagree
I would be happy investing a large proportion of my income / capital in a high-risk investment	Strongly Disagree

Consistency of Responses
<p>In combination, some of the answers you gave indicated inconsistencies that might have reflected a misunderstanding of the questions or the possible responses. Further discussion between Howard Pykett, FB Wealth Management, Sue Bond &amp; Janet Lilley indicated a clear understanding by the Academy of risk vs return. The Academy at this stage, cannot afford to take too much risk with their surplus funds and want to invest for a short period retaining full access. Huntcliff Academy Trust appreciate that this will mean holding the funds on deposit and with the current interest rates being significantly lower than inflation, the funds over time will be eroded in real terms. As a Charity Trust. Huntcliff School appreciate their surplus funds need to work harder than they currently are. The existing bank accounts offer an interest rate of 0% (As of December 2012).</p>

## Risk Capacity

<b>Investment timeframe</b>		
Q: When do you intend to use the invested money?	A: Short term (0-5 years)	
Currently, as a new Academy, all your funds are for the short term. Your School wants to try and achieve a real return on your savings and protect from institutional risk.		
<b>Your capacity for loss</b>		
Q: How much of this investment could you stand to lose without having a significant impact on your future standard of living?	A: None or very limited losses (0 – 5%)	
You can only accept very limited losses.		
<b>Investment liquidity</b>		
Q: If you needed sudden access to a lump sum, how likely is it that you would need to encash this investment?	A: I would certainly need access to the capital in the short term.	
The Huntcliff Academy Trust attitude to risk is defined as Lowest Risk.		

### About Your Risk Profile

Questionnaire results		Profile 3 - Low risk	
Risk level selected		Profile 1 – Lowest risk	
Portfolio value		£10,000.00 (example)	
Year	Below average performance	Above average performance	
1	£9,636.79	£10,127.75	
5	£8,901.97	£9,948.13	
10	£8,186.65	£9,579.64	
20	£7,017.79	£8,764.17	

This analysis shows how a portfolio of assets closely aligned to this risk profile might perform over the next 1, 5, 10 and 20 years based on our analysis of generic asset classes. It is not an analysis of how specific products or funds might perform, improve on

or reduce these growth rates.

The figures used are only examples of what might happen and are not real minimum or **maximum amounts, nor are they guaranteed in any way. Actual performance will depend on** how any selected investments perform, on their tax treatment and charges incurred. Please refer to the 'How we do our analysis' for a more detailed explanation of how this analysis is done.

### **Risk level 1 - Profile 1 – Lowest risk**

You have selected profile 1. Your attitude to accepting risk is in the 'lowest' profile.

The risk scale is made up of 10 profiles overall. This means that you are in the 'lowest' profile for how much risk you want to take with your investments.

Your score is important in two ways to the type of investments you should consider. These are shown below.

#### **How comfortable you are with the possibility of losing money on your investments?**

You are likely to be far less comfortable and able to adapt less well to losing money on your investments than someone who has a 'medium' or 'high' attitude to risk, for example, someone in profiles 5 to 10.

#### **How much you want to invest in higher-risk investments to get better returns?**

Higher-risk investments such as equities (shares) generally offer higher returns over the long term, but the investments also fluctuate more (go up and down in value). This means that while people may make more money in the long term with higher-risk investments, they are more likely to lose money in the short term.

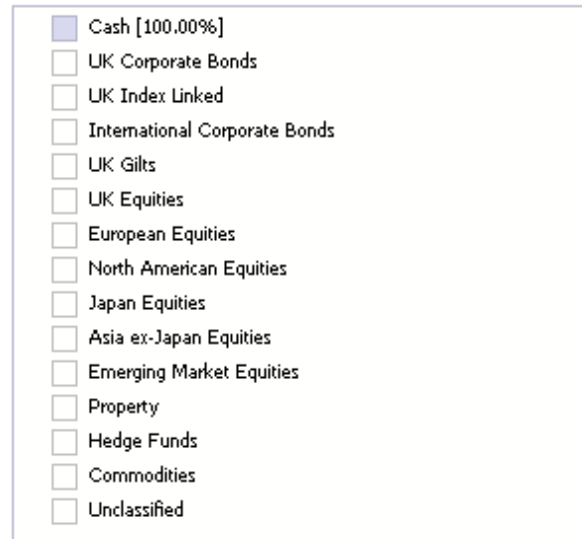
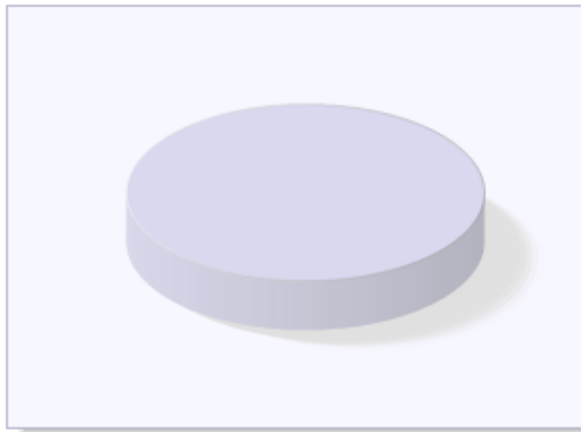
As your attitude to accepting risk is in the 'lowest' profile, you are probably very concerned about the possibility of losing money. Keeping your money safe, rather than exposing it to the risks of financial markets, is likely to be your priority. However, if inflation is high, it may eat into the value of your holdings, and so could reduce your spending power in 'real terms'.

An investment portfolio for this risk level will be invested in cash, rather than higher-risk investments such as shares. When you have only cash in your portfolio, you can usually expect to get back the money you have invested.

### **Summary**

- Your attitude to accepting risk is in the 'lowest' profile.
- Your preferred investments will be in cash.
- While your investment will not fall in absolute value, excepting a significant banking collapse, inflation may mean its value in real terms may fall.

## Target asset allocation



## V) Investment Review

### Portfolio measurement standards

The portfolio (including deposit-based accounts) will be reviewed against the performance of the assets relative to the stated objectives and guidelines applicable to each investment. The progress of the assets managed by the Business Manager and Headteacher is to be compared to these measures (benchmarks) net of fees and expenses, withdrawals and contributions.

### Investment Decision

External advice will be sought from recognised bodies i.e. Banks, Investment Managers, Independent Financial Advisers, to inform the decision making process where practicably possible to assist with portfolio and related functions.

Where such investments take place, the trustees shall receive on a regular basis the following management reports:

- 1) Portfolio performance results over the last term and year.
- 2) Performance results of comparative benchmarks for the same periods.
- 3) End of term status regarding asset allocation.

The Business Manager, Headteacher and other trustees will make appropriate asset allocation decisions based on the particular needs, objectives and risk profile of the portfolio.

The Business Manager and Headteacher shall:

- 1) Advise the trustees about the selection and allocation of risk.
- 2) Identifying specific investments within each asset risk.
- 3) Monitoring the performance of all selected assets.
- 4) Recommending changes to any of the above.
- 5) Periodically reviewing the suitability of the investments in the portfolio.
- 6) Preparation and presentation of appropriate reports.

## **VI) Review and Modification of Investment Policy Statement**

The Investment Policy Statement shall be reviewed annually to determine if modifications are necessary or desirable. If modifications are made, they shall be promptly communicated to the Business Manager and Headteacher.

Approved by the Business Manager and Headteacher

### **Reference Minute**

#### **VII) Professional Advice**

Professional advice has been sought from:

FB Wealth Management Limited

Head Office: 26 South Saint Mary's Gate, Grimsby, DN31 1LW

FSA Number: 531632

#### **About the company**

- They provide comprehensive independent financial advice and wealth management services, helping individuals, businesses, trustees and professionals to achieve their financial goals. They have done this successfully over 30 years through their parent business, Forrester Boyd Chartered Accountants. They hold a presence throughout Lincolnshire & East Yorkshire with offices in Hull, Scunthorpe, Grimsby, Louth & Skegness.

#### **Dedicated Local Specialist for Academies**

FB Wealth Management have a dedicated team for Academies holding specialist knowledge. We have been provided with a dedicated point of contact to manage our account.





# Gifts & Hospitality Policy

September 2023

Jo Wilby

Pending approval by the Trustee Board October 2023

## Document Table

<b>Document title:</b>	Gifts and Hospitality Policy
<b>Author (name &amp; job title):</b>	Jo Wilby, Business Manager
<b>Acknowledgement</b>	
<b>Version number:</b>	V2 September 2023
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<b>Approved by:</b>	Huntcliff Trustee Board
<b>Date of review:</b>	October 2025

## Document History

<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Note of revisions</b>
V1	November 2021		

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## 1. Aims

This policy aims to ensure that:

- Huntcliff Academy's funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academy Trust Handbook
- The academy and those associated with it operate in a way that commands broad public support
- The academy has due regard to propriety and regularity, and ensures value for money, in the use of public funds
- Trustees fulfil their fiduciary duties and wider responsibilities as charitable trustees and company directors
- Members, trustees and staff are aware of what constitutes acceptable gifts and hospitality, and the process that must be followed if they are presented with any of the same

## 2. Legislation and guidance

This policy is based on the Academy Trust Handbook, which states that academy trusts should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might compromise their personal judgement or integrity. This should include members, trustees, staff and/or any other representative of the trust. The handbook states that the trust should ensure that all staff are aware of this policy.

This policy also complies with our funding agreement and articles of association.

## 3. Definitions

Gifts are any items, cash, awards, prizes, goods or services, offered without expectation of payment or benefit. Gifts also include goods or services offered at a discounted rate, or on terms not available to the general public.

Hospitality is defined as food, drink, accommodation or entertainment (such as cultural or sporting events) provided free of charge, heavily discounted or on terms not generally available to the general public.

## 4. Roles and responsibilities

### 4.1 Members, trustees and staff

Members, trustees and staff:

- Must not give or accept gifts or hospitality to or from a third party where it might be perceived that their personal integrity has the potential to be compromised, or that the trust might be placed under any obligation as a result of acceptance
- Must not use their official position to further their private interests or the interests of others
- Must not solicit gifts or hospitality

- Must record any gifts or hospitality offered to them or the trust with a value of over £25 on the gifts and hospitality register (see appendix 1) within 7 working days, even if declined
- Must consult the Business Manager or Headteacher before accepting or offering any gifts or hospitality with a value of over £25

#### **4.2 Academy trustees**

Academy trustees will ensure that the trust's funds are used in a way that commands broad public support, pays due regard to propriety and regularity, and provides value for money.

#### **4.3 The Headteacher**

The Headteacher is responsible for ensuring that staff are aware of and understand this policy, and that it is being implemented consistently.

The Headteacher will act with the utmost integrity on all matters relating to gifts and hospitality, ensuring that they set a good example to the rest of the school and trust and to those outside the organisation.

They will also ensure, alongside the Business Manager, that decisions on whether individuals or the trust can accept or offer gifts or hospitality with a value of over £25 are in line with this policy.

The Headteacher is responsible for communicating the Academy's rules and expectations about gift-giving to parents.

#### **4.4 The Business Manager**

The Business Manager will ensure that:

- The trust maintains a gifts and hospitality register
- Figures for transactions relating to gifts made by the trust are disclosed in the trust's audited accounts, in accordance with the Academy Trust Handbook
- The academy trustees and Headteacher are provided with information on gifts and hospitality received and given, as appropriate
- They will also ensure, alongside the Headteacher, that decisions on whether individuals or the trust can accept or offer gifts or hospitality with a value of over £25 are in line with this policy.
- The Business Manager is responsible for maintaining the gifts and hospitality register on a day-to-day basis.

### **5. Acceptable gifts and hospitality**

#### **5.1 Offer of gifts and hospitality received**

Members, trustees and staff can accept gifts and hospitality that have a value of up to £25. These do not have to be pre-approved or recorded on the gifts and hospitality register.

Generally, gifts of nominal value, such as small tokens of appreciation, may be accepted. If in any doubt, members, trustees and staff must consult the Business Manager or Headteacher.

Similarly, hospitality such as working lunches may be accepted in order to maintain good relationships with key contacts, provided the hospitality is reasonable in the circumstances. If in doubt, guidance must be sought from the Business Manager or Headteacher.

Any gifts or hospitality offered with a value of over £25 must be recorded on the gifts and hospitality register within 7 working days, even if declined. Any member, trustee or member of staff who is offered such gifts or hospitality must consult the Business Manager or Headteacher before accepting.

If the Headteacher is the recipient, or intended recipient, of any offer of gifts or hospitality, they must inform the chair of trustees and record the offer on the gifts and hospitality register.

Failure to declare any offer of gifts or hospitality on the register in line with this policy will be treated as a staff disciplinary matter.

#### **5.2 Offer of gifts and hospitality given**

Very occasionally, gifts may be issued to family members or partners of members, trustees or staff; for example flowers following a bereavement. A maximum value of £50 should be used as a guideline.

Any gifts or hospitality provided by the trust, such as a working lunch for visitors, must not be extravagant. A maximum value of £25 per head should be used as a guideline.

Alcohol must not be purchased out of the school budget.

Expense claims should be made to the Business Manager and receipts must always be enclosed.

The Business Manager or Headteacher must be consulted about any proposal to provide gifts or hospitality with a value of over £25.

## **6. Unacceptable gifts and hospitality**

The following must never be offered or accepted:

- Gifts or hospitality from a potential supplier or tenderer in the immediate period before tenders are invited or during the tendering process
- Lavish or extravagant gifts or hospitality, even if they relate to activities the recipient undertakes in their own time
- This list is not intended to be exhaustive.
- Monetary gifts

## **7. Declining gifts and hospitality**

Any members, trustee or staff member who is offered any of the unacceptable gifts or hospitality outlined in section 6 above should politely decline the offer.

If they feel it would not be appropriate for them to decline, they should refer the matter to the Headteacher or Business Manager. The Headteacher or Business Manager may decline the offer, or donate the gift or hospitality to a worthy cause, and must also record the offer on the gifts and hospitality register.

Disciplinary action will be taken against anyone who fails to decline gifts or hospitality the trust has deemed unacceptable.

Failure to declare any gifts or hospitality offered on the gifts and hospitality register, in line with this policy, will be dealt with as a staff disciplinary matter.

## **8. Monitoring arrangements**

The gifts and hospitality register is monitored regularly by the Business Manager.

This policy will be reviewed every two years by the Business Manager and approved by the Board of trustees.

## **9. Links with other policies**

This gifts and hospitality policy is linked to the:

Staff code of conduct

Staff disciplinary procedures

Finance policy

DATE	NAME	DESCRIPTION OF GIFT/HOSPITALITY AND APPROXIMATE VALUE	PARTY OFFERING GIFT/HOSPITALITY	ACCEPTED /REJECTED	APPROVED BY

## **Reserve policy**

The Trustees review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's expenditure.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trustees will review the reserves when the accountants have prepared and the figures and this has been calculated annually.

Cash flow for the trust is shared with the Trustees monthly.

## HUNTCLIFF SCHOOL

### WAIVING FORMAL TENDERING PROCEDURES

Huntcliff School's Financial Policies state that formal tendering procedures **may** be waived in agreement with the Trustee Board and Accounting Officer in the circumstances set out in a) to i) below:

Formal tendering procedures **may be waived** in the following circumstances:

- a) in very exceptional circumstances where the Trustee Board and Accounting Officer decides that formal tendering procedures would not be practicable or the estimated expenditure would not warrant formal tendering procedures;
- b) where the requirement is covered by an existing contract;
- c) where an arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of the school;
- d) where the timescale genuinely precludes competitive tendering, but failure to plan the work properly would not be regarded as a justification for a single tender;
- e) where extreme urgency exists – such as a health & safety risk;
- f) where specialist expertise is required and is available from only one source;
- g) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- h) there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- i) where attempts have been made to obtain quotes from more than three companies; but less than three contractors have submitted quotes/are able to complete the required works

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.



Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented and recorded in appropriate minutes and reported to the Full Trustee Board at the first available meeting.

### **REQUEST TO WAIVE FORMAL TENDERING PROCEDURES**

Requests to waive formal tendering procedures should be made in writing using this template and sent to the Chair of Trustees for consideration. Contracts should not be entered into or requisitions/orders raised before the waiving of formal tendering procedures has been agreed by the Trustee Board and the Accounting Officer.

**Description of service being procured:**

**Estimated value of service being procured:**

**Applicable circumstances for waiver (a-i) and supporting information:**

**Declaration:**

I confirm that the information contained within this form is true and correct. I can confirm that I have complied with Huntcliff School's Financial Policies. I understand that if I have knowingly provided false information or made a false statement that I may be subject to disciplinary and/or criminal action.

**Request by:****Signature:****Authorised (Chair of Trustees) signature and date:****Authorised (Accounting Officer) signature and date:****Date reported to Full Governing Body:**