



## **FINANCE REGULATIONS**

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**DATE: 15 MARCH 2018**

**REVIEW DATE FEBRUARY 2019**

## **Eko Trust**

### **Financial Regulations**

#### **Contents**

##### Introduction

- 1.1 ROLE OF TRUSTEES
- 1.2 ROLE OF THE CHIEF EXECUTIVE
- 1.3 ROLE OF THE BUSINESS AND INFRASTRUCTURE TEAM
- 2.1 DELEGATED AUTHORITY OF THE TRUST
- 2.2 TRUSTEES REGISTER OF INTERESTS
- 2.3 PROCESS FOR INDEPENDENT CHECKING
- 2.4 INVESTIGATION OF FRAUD AND IRREGULARITY
- 2.5 APPOINTMENT OF EXTERNAL AUDITORS
- 2.6 TRUST CENTRAL BUDGETS AND DELEGATED FUNDING TO ACADEMIES
- 2.7 INSURANCE ARRANGEMENTS
- 3. THE ROLE OF LOCAL ACADEMIES
  - 3.1 THE ROLE OF THE LOCAL GOVERNING BODY
  - 3.2 THE ROLE OF THE HEAD TEACHER
  - 3.3 THE ROLE OF THE INDIVIDUAL SCHOOL ADMINISTRATOR(S)
  - 3.4 THE ROLE OF THE STAFF
- 4.1 BUDGET SETTING REPORT
- 4.2 FINANCIAL REPORT TO GOVERNORS
- 4.3 PROCUREMENT OF GOODS AND SERVICES
- 4.4 LIMITS OF DELEGATION
- 4.5 EXPENDITURE ON TRAVEL AND SUBSISTENCE
- 4.6 INVOICE PROCESSING
- 4.7 RECONCILIATION PROCEDURES
- 4.8 OPERATION OF LOCAL BANK ACCOUNT
- 4.9 SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS
- 4.10 DEPRECIATION
- 4.11 CHARGING POLICY
- 4.12 PAYMENTS TO INDIVIDUALS
- 4.13 RECEIVING INCOME
- 4.14 REGISTER OF BUSINESS INTERESTS POLICY
- 4.15 WHISTLEBLOWING
- 4.16 TENDER POLICY

## **INTRODUCTION**

The policy outlines the respective financial responsibilities of the Eko Trust and its Trustees. The policy also provides a standardised approach to all finance related tasks within the Trust and its academies.

Please note this policy should be used in conjunction with the Academies Financial Handbook, which provides further details on the Trust obligations and duties which are adhered to by Eko Trust.

<https://www.gov.uk/government/publications/academies-financial-handbook>.

### **1.1 ROLE OF TRUSTEES**

The Eko Trust is a company limited by guarantee with charitable status. It comprises members of the Trust and has a strategic role in running the Academies, with control over its land and assets.

The main responsibilities of the TRUST are prescribed in the Funding Agreement with the DfE.

#### **Proper and regular use of public funds**

In accordance with the academies financial handbook, the academy must ensure that:

Spending has been for the purpose intended.

- No trustee, governor, employee or related party has benefited personally from the use of funds.
- All trustees have completed the register of business interested and there are measures in place to manage any conflicts of interest.
- There are no payments to any trustee unless such payment is permitted by the articles and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- Their senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.
- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

The members and directors that sit on the Board as Trustees have certain obligations to protect the assets, property and good name of the Trust.

The Trust has defined the responsibilities of key committees and staff involved in the administration of Academy finances to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Finance and Audit Committee

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

## **1.2 ROLE OF THE CHIEF EXECUTIVE**

The Chief Executive has overall responsibility for the TRUST's activities including financial activities. The Funding Agreement requires the trust to identify the Chief Executive as the Accounting Officer who is personally responsible to the Trustees for:

- ensuring regularity and propriety;
- prudent and economical administration;
- avoidance of waste and extravagance;
- efficient and effective use of available resources; and
- the day to day organisation, staffing and management of the Trust.

The essence of the role is a personal responsibility for:

Regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this Handbook, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;

Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and the prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The Trust's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be approved by the Trust Audit and Finance Committee and then sent to the EFA and be published on the academy trust's website. It will also be placed on the DfE's website.

In practice, much of the financial responsibility is delegated to the TRUST Business and Infrastructure Team which consists of the School Business Managers of the academies within the TRUST.

## **1.3 ROLE OF THE BUSINESS AND INFRASTRUCTURE TEAM**

The Business and Infrastructure Team works in close collaboration with the Chief Executive through whom he or she is responsible to the Directors. The main responsibilities of the business and infrastructure group are:

- the day to day management of financial issues including the establishment, maintenance and operation of a suitable accounting system for trust's central budgets and individual academies;
- the management of the TRUST financial position at a strategic and operational level within the framework for financial control determined by the Directors;
- preparation of budget plans in conjunction with the Chief Executive and Head Teachers/ Principals; the 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 trust;
- ensuring that the annual accounts are submitted to the Finance and Audit committee for approval.
- the preparation of monthly management accounts;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with the Chief Executive or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority;;
- ensuring forms and returns are sent to the EFA in line with any timetabled DfE / EFA guidance;
- ensuring the accuracy and integrity of the TRUST's payroll;
- ensuring regular communication with the responsible officer and auditors; and
- obtaining legal advice when appropriate.

## **2.1 DELEGATED AUTHORITY OF THE TRUST**

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

Liabilities and write-offs

The TRUST Board may perform the following financial transactions up to the limits 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 AT).

The limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Trust that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements.
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any trust that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits the Trust Board must seek and obtain explicit and prior approval of the Secretary of State (through the EFA) to the transaction.

Severance Payments

If the TRUST is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

- whether such a payment is justified, based on a legal assessment of the chances of the TRUST successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.
- If the settlement is justified, the TRUST would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures. If the Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right. Where the Trust is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the EFA, before any such payment can be made. ATs in this situation should speak to their EFA contact at the earliest opportunity to discuss.

For the avoidance of doubt, the following examples illustrate where HMT approval would be required:

- statutory/contractual payment of £40k + enhancement of £20k = HMT approval not required;
- statutory/contractual payment of £60k + enhancement of £20k = HMT approval not required, and
- statutory/contractual payment of £60k + enhancement of £50k = HMT approval required for the £50k enhancement only.

#### Asset sales, leases and tenancy agreements

The TRUST must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would present borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for the lease term of more than five years; and
- granting a leasehold or tenancy agreement on land.

The Trust may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval.

## **2.2 TRUSTEES REGISTER OF INTERESTS**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise Trustees and staff with significant financial or spending powers are required to declare any financial interest they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

The board of trustees ensure that the requirements for managing connected party transactions are applied across the trust. The chair of the board of trustees and the accounting officer (as senior executive leader) ensure that their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance.

The trust must seek ESFA's prior approval for transactions with connected parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board of trustees and the accounting officer.

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

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

### **2.3 PROCESS FOR INDEPENDENT CHECKING**

The Trust Finance and Audit Committee will undertake the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks of internal financial control at the Trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or more of the following options:

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the Trusts external auditors
- completing the work by peer review

### **2.4 INVESTIGATION OF FRAUD AND IRREGULARITY**

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the board of trustees of a Trust are also responsible for preventing such losses of public funds, and this means that Trustees must be aware of the risk of fraud and irregularity within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified.

All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the EFA. Any unusual or systemic fraud, regardless of value, must also be reported.

### **2.5 APPOINTMENT OF EXTERNAL AUDITORS**

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one year period renewable at the discretion of the Trust.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by DfE;
- proper accounting records have been kept by the Academy throughout the financial year; and
- grants made by the EFA have been applied for the purposes intended.

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken.

Auditors will be appointed annually by the Trust Finance and Audit Committee.



## **2.6 TRUST CENTRAL BUDGETS AND DELEGATED FUNDING TO ACADEMIES**

The TRUST Finance and Audit Committee will annually review the arrangements for the central maintenance of funding to fund the trust Infrastructure Budget and the trust Shared Services Budget. Local Governing Bodies will be consulted about any changes to these arrangements. The TRUST Finance and Audit Committee will review, recommend to the Trust Board and monitor the Trust annual budget that consolidates individual academy budgets with the Trust central costs and charges, with a specific responsibility to ensure the Trust budget does not go into deficit. In determining the TRUST central budgets, the TRUST must have due regard to the funding needs and allocations of each individual academy. If an individual academy, LGB or Head Teacher feels that the academy has been unfairly treated in relation to pooling arrangements they should first apply to the CEO who has the responsibility to raise the matter with Directors. If the grievance is not resolved they may appeal to the Secretary of State for Education.

## **2.7 INSURANCE ARRANGEMENTS**

The TRUST Finance and Audit Committee will ensure that such insurance necessary to cover risks to which the TRUST, and individual academies are exposed, is in place. This cover will comply with the minimum requirements of the Education Funding Agency and the Department of Education. TRUST Business and Infrastructure, Head teachers of individual schools are responsible for identifying school specific areas of risks and for establishing procedures for reducing risks, where possible.

An up-to-date schedule of all insurances in place will be maintained by a nominated member of the trust Business and Infrastructure team. This schedule will make clear the specific insurance liabilities of the TRUST central costs and the individual academy budgets.

## **3. THE ROLE OF LOCAL ACADEMIES**

### **INTRODUCTION**

The section outlines the respective responsibilities of each Local Governing Body, Head Teacher and staff in relation to financial administration.

### **SUMMARY OF RESPONSIBILITIES**

- The management of the school is, through its instruments of Government, the responsibility of its Local Governing Body.
- The Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body to the Head Teacher and School Administrative Team.
- Management and administration duties undertaken by the Head Teacher and members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment.
- It is the responsibility of each Local Governing Body to produce an annual budget for the school for submission to the TRUST Board which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Local Governing Body in sufficient time to allow prompt submission of the plan to the TRUST Finance and Audit Committee and subsequent submission to the Board.

- The Head Teacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Local Governing Body. The Head Teacher will advise the Local Governing Body on all areas of the school budget.

### 3.1 THE ROLE OF THE LOCAL GOVERNING BODY

The role of the Local Governing Body in school financial administration is:

- to establish a mechanism that allows it to review and monitor the schools budget and expenditure. This could be by the establishment of a Finance Committee or by having a LGB member with responsibility for finance
- to plan the overall school budget, including priorities for future expenditure
- submit the budget plan to the TRUST Board for approval
- to maintain a register of pecuniary interest for governors and staff
- to consider and sign the local Statement of Internal Control (SIC)
- to nominate a member of the Trust Finance and Audit Committee as set out in the TRUST scheme at delegation.

The Local Governing Body must ensure it has systems in place to ensure it satisfies the TRUST Audit and Finance Committee that it has

- planned the school budget in accordance with the priorities in the School Improvement Plan, and the school's staffing plan and fully understands any components that make up the school's budget
- considered reports from the Head Teacher comparing expenditure with budget and approve budget changes according to the agreed arrangements
- operated the governing body's arrangements for obtaining quotations and inviting tenders
- submitted to the Board any proposed write-offs and disposals of surplus stock and equipment
- determined arrangements for any school fund or charitable funds held locally
- determined the limits of authority which they delegate to the Head Teacher and approve expenditure recommended by the Head Teacher above those limits,
- considered and acted upon the findings and recommendations of Responsible Officer, Audit Reports and findings identified by the TRUST Business and Infrastructure terms.

### 3.2 THE ROLE OF THE HEAD TEACHER

- The day-to-day operation of the budget is delegated to the Head Teacher/ Principal, who will be accountable for;
- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors and submission of these plans to the Governing Body for approval
- managing internal control systems and internal financial transactions in accordance with the 'Academies Financial Handbook'
- maintaining adequate financial records in accordance with Academies Financial Handbook:

1	Budget Plan Entry Form	Current Year + 3 preceding years
2	Staff Salary Calculations	Current Year + 3 preceding years
3	School Management Plan	Current Year + 3 preceding years

4	General Allowance Allocations	Current Year + 3 preceding years
5	Virements within Budget Share	Current Year + 3 preceding years
6	Orders. Quotes and Tenders	Current Year + 6 preceding years
7	Copy Invoices / Credit Notes	Current Year + 6 preceding years

As part of the budget setting process the local governing body must review a written report containing sufficient information to assure them that the budget

- is affordable
- meets the needs of the pupils
- takes into account any planned or foreseeable changes in pupil numbers and therefore funding levels for future years
- fully informs them of those services that are being paid for from the trust infrastructure budget, the trust shared services budget and the local school budget (for which they are accountable)

It must also include information of how the pupil premium, or other such grants, will be spent.

### **3.3 THE ROLE OF THE INDIVIDUAL SCHOOL ADMINISTRATOR(S)**

Subject to accordance with individual job descriptions the Head Teacher may delegate financial procedures to the School Business Manager and other members of the administrative team. The administrative team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- providing budget monitoring/outturn reports to present to the governors
- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Head Teacher / Principal , authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and the Academies Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance with the Academies Financial Handbook
- operating the bank account as per the Academies Financial Handbook
- to prepare cash flow statements so as to ensure the school has sufficient cash to meet its needs and submit these to the finance committee
- administration and recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academies Financial Handbook
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three year budget plan and the financial returns to the EFA
- return to Charity Commission for school fund account, if appropriate

### **3.4 THE ROLE OF THE STAFF**

The role of staff in school financial administration is:

- to familiarise themselves with this Policy
- to conduct all financial transactions relating to the school in accordance with this Control Policy
- to manage any budget delegated to them by the Head Teacher/ Principal responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing.

#### 4.1 BUDGET SETTING REPORT

As part of the budget setting process the local governing body must review a written report containing sufficient information to assure them that the budget

- is affordable
- meets the needs of the pupils
- takes into account any planned or foreseeable changes in pupil numbers and therefore funding levels for future years
- fully informs them of those services that are being paid for from the trust infrastructure budget, the trust shared services budget and the local school budget (for which they are accountable)
- It must also include information of how the pupil premium, or other such grants, will be spent.

#### 4.2 FINANCIAL REPORT TO GOVERNORS

The Head Teacher is responsible for providing the Local Governing Body and the Trust Board with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors at least once a term.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on the school's finance systems. There should be a monthly reconciliation of the bank account to the local system (school's finance system). Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete.** To provide governors with a "true and fair" view of the school's financial position, the reports must include committed expenditure. For information to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included.
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to governors should be jargon free
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual EFA funding statement and in the annual accounts.

- **Include a profiled budget.** To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of profiled budget. Based on knowledge of the school's spending patterns the profile looks at
- the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date.
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report.
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year.

#### 4.3 PROCUREMENT OF GOODS AND SERVICES

The procurement of goods and services is the process potentially most open to abuse or mis-management and it is therefore essential to have strong financial controls to safeguard the school's interests.

The trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or trustee of the academy trust
- any individual or organisation connected to a member or trustee of the academy trust. For these purposes the following persons are connected to a member, or trustee
- a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body related to such individual or organisation

A body is related to another individual or organisation if it: is controlled by the individual or organisation; or controls the organisation; or is under common control with the individual or organisation. For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest), or

- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body

The trust must disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in their audited accounts for each of the following transactions:

- gifts made by the trust
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- special payments – compensation
- special payments – ex gratia
- acquisition of a freehold of land and buildings
- disposal of a freehold of land and buildings
- disposal of heritage assets taking up a leasehold on land and buildings granting a leasehold on land and buildings

The following transactions must be disclosed in total, and individually:

- special payments – staff severance, of any value

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

- orders should not be entered into verbally and unless a Purchasing Card has been used, orders should always be made using the MATs Financial Management System. This system automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- individuals that are issued with purchase cards must complete a purchase order request form prior to making any purchase.
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be emailed to suppliers, in order to reduce timelines.
- orders may only be used for goods and services provided to the school, private individuals and other organisation may not use school systems to obtain work, goods, materials or services net of VAT.
- it is the responsibility of the Budget Holder in authorising the order to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.

<b>Value</b>	<b>Procedure</b>	<b>Post holder with appropriate delegated authority</b>
Up to £5,000	One quote or approved supplier	Budget Holder
£5,001 to £24,999	It is the responsibility of the Head Teacher/ CEO to ensure that the school has obtained quotes or tenders from at least three suppliers. Local Governing Bodies should determine arrangements for ensuring that these quotes are	Two post holders with appropriate authority e.g. Head Teacher and Chair of Governors. CFO/ CEO

	<p>considered before deciding which supplier to award the contract to. Under normal circumstances the lowest of the three (or more) quotes/tenders so long as 'best value' is being achieved. If the option is taken for a quote/tender other than the lowest, the reasons for such a decision should be clearly documented and reported to the LGB.</p>	
£25,000 to £49,999	<p>It is the responsibility of the Head Teacher/ CEO to ensure that the school has taken the same reasonable steps to ensure that the Best Value has been achieved on any purchase and these steps are documented and retained for inspection. If it is not known if the purchase will exceed £25,000 but it is estimated that it will be around £25,000, then evidence of the steps taken should be retained. In practice, the most straightforward method of achieving proof of best value is by obtaining and documenting quotes or tenders as detailed above.</p>	<p>Two post holders with appropriate authority e.g. Head Teacher and Chair of Governors. CFO/ CEO</p>
£50,000 to £181,301	<p>Full tender – two stage Full advertised competitive process 3 tenders Details of Tender Process are available 4.16</p>	<p>Three post holders with appropriate authority Head Teacher, CEO and Chair of Governors, Chair of Trust</p>
Above £181,302 and European rules apply (i.e. contracts for supplies, EU Part A services or works more than £3,860,000)	<p>Full EU advertised competitive tender process 3 tenders Details of Tender Process are available 4.16</p>	<p>A Project team reporting to the Chair of Governors and including appropriate specialists e.g. legal, finance, procurement, health &amp; Safety</p>

For building and maintenance work the above guidelines apply  
Details of Tender Process are available 4.16

#### **4.4 LIMITS OF DELEGATION**

Virements of up to £10,000 may be authorised by the Head Teacher and these must be reported to the LGB. Virements of up to £50,000 between Nominal codes but within the same cost centre, can be made by the Head Teacher, for example virements between permanent and agency staff budgets should there be direct replacement of staff. These virements will also be reported to the LGB.

For virements between cost centres that are over £10,000 and up to £30,000 agreement must be sought from the chair of the LGB, the Chair of Finance / Portfolio holder for finance and the CEO of the Trust.

Virements exceeding £30,000 must be agreed by the LGB and notified to the Trust Finance and Audit Committee.

#### **4.5 EXPENDITURE ON TRAVEL AND SUBSISTENCE**

Expenditure on travel or subsistence, whether it is through use of a purchase card or through own expenses claim, must follow the Travel and Subsistence policy.

#### **4.6 INVOICE PROCESSING**

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible:

- goods have been received in school and the quantity and quality being as per order. The goods received note shall be retained and filed with the copy invoice.
- the arithmetic should be checked to ensure that the following are correct:
  1. Unit price
  2. Quality
  3. Discounts
  4. Total net cost
  5. VAT has been applied at the applicable rate
  6. Total invoice cost
- valuable items that are portable and desirable should be added to the inventory or asset register immediately.
- that the invoice is not a copy or a facsimile and has not previously been paid. if original lost then checks must be made that payment has not already been made and noted on the invoice.
- an officer with delegated responsibility from the governing body will certify that the invoice is authorised for payment. This authorisation shall be made either through the finance package (thereby concluding the system process) or evidenced by the personal signature of the signatory and must not be a facsimile or signature stamp.

#### **4.7 RECONCILIATION PROCEDURES**

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The Head Teacher is responsible for ensuring that controls are in place for these checks to be carried out.

#### **4.8 OPERATION OF LOCAL BANK ACCOUNT**

When the school operates its own bank account the school must implement these controls:



- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories, which must not include Governors
- a minimum of three signatures should be maintained on the mandate
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest
- the mandate should be notified to the bank.

Arrangements must be made with the bank, and must include:

- a statement to be provided each month
- to disallow any overdraft or loan facilities offered by the bank
- to disallow the school from entering into investments of a speculative nature (e.g. money markets). However, deposit accounts are allowed. Automatic transfers to and from higher interest accounts upon balances reaching specified levels are permitted.

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

It is recommended that schools should produce termly cash flow forecasts to ensure there are adequate funds in the bank to pay for the salaries and day to day expenditure.

#### **4.9 SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS**

As asset register should be maintained in a format agreed with governors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the following de-minimis levels:

1. Land and Buildings £5,000
2. Vehicles, Plant & Machinery and Other Equipment £3,000
3. Furniture & Fittings £1,000
4. Information Technology Equipment £1,000

Records of all portable, desirable and valuable items (not included on the asset register) shall be maintained on the official inventory. Where inventories are maintained on a spreadsheet or database, a hard copy should be produced annually and retained.

Inventories shall be kept up to date to record all items received or disposed of by whatever means. Records will show any income received from disposals and cross referenced to accounting records. Serial numbers included on the inventory should, wherever possible, be the manufacturer's serial number.

Annually, a physical check of **all** inventory items should be carried out. All discrepancies shall be reported to the LGB.

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be kept secure. The loss of such keys should be reported to the Head Teacher immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in the safe is £1000 unless a higher limit is specifically agreed with insurance.

Losses due to theft of stocks or cash shall be promptly reported to the Head Teacher and Governing Body.

Steps must be taken by the Head Teacher to ensure that there are effective backup procedures for all computer systems. Recommendations for backup procedures should be regularly checked with the school's IT support provider.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The Head Teacher and the Governing Body shall comply with all regulations relating to the Data Protection Act 1998.

In disposing of assets, items with a current value of less than £250 can be disposed of, by the Head Teacher. Items disposed of above £250 (including stolen items) will need the authorisation of the chair of LGB or another governor with delegated responsibility.

In disposing of IT equipment, an assessment should be made of such equipment to ensure that all sensitive data has been removed.

The monies received from the disposal of an asset will be credited to the School Budget Share, irrespective of how the asset was initially acquired by the school. The income should not be credited to the school fund, or any other unofficial account.

In disposing of an asset, the Head Teacher is responsible for ensuring that the school is taking reasonable steps to secure the maximum revenue for the asset. This should be achieved by:

1. Taking reasonable steps to advertise the disposal;
2. Inviting bids for the asset (sealed bids are preferable);
3. Negotiating with potential purchasers.

The administrator is responsible for maintaining a register of assets/equipment loaned or taken off the premises by other establishments, staff or pupils. A separate register should be kept of long term loans (e.g. musical instruments) and loans relating to specific grants (e.g. computers at home initiative).

#### **4.10 DEPRECIATION**

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

<b>ASSET GROUP</b>	<b>DEPRECIATION METHOD</b>
Land	No depreciation
Buildings and Building modifications	2% (50 yrs) Straight line
Plant and Machinery	20% (5 yrs) Straight line with nil residual value
Furniture and Equipment	10% (5 yrs) Straight line with nil residual value
Computer Equipment and Software	25% (4 yrs) Straight line with nil residual value
Assets Under Construction	There are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value

#### **4.11 CHARGING POLICY**

##### **CHARGING AND REMISSIONS POLICY**

###### **GENERAL PRINCIPLES**

The Trust is committed to the general principle of free education and recognises the valuable contribution that a wide range of activities, including school visits, residential experiences and clubs, can make towards all aspects of pupils' education. The Trust would accordingly wish to promote and

provide as far as possible such activities as part of a broad and balanced curriculum for the benefit of pupils of the school.

LGBs are required by the Trust to have an Academy Charging policy.

#### **4.12 PAYMENTS TO INDIVIDUALS**

The school has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- An assessment must be made as to whether the individual is providing a contract of services (i.e. employed) or a contract for services (i.e. self-employed).
- If considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- Where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice.

Careful attention should be paid to repetitive payments to individuals.

#### **4.13 RECEIVING INCOME**

Income generated by the school will be received by administration staff from a number of sources.

All income shall:

- be paid into the school's official bank account without delay or deduction
- be banked prior to any school closure exceeding twenty-four hours
- be collected in advance of service delivery wherever possible
- be acknowledged by official receipts and accounted for without delay, with all such receipts held securely to prevent misuse
- be identified by means of any appropriate accountancy code
- not be used to discharge expenditure
- not to be used for the purpose of cashing personal cheques

Where income is to be collected after the service has been provided, an official invoice shall be issued and submitted without delay, to the debtor.

All income shall be held securely until banked and shall be acknowledged in writing when transferred from one person to another.

All payments banked shall be by means of an official bank paying-in book, separately identifying cash and cheques, with all cheques listed.

The school shall determine a maximum amount of income to be held securely with the Insurance and Risk Management team. The school shall not exceed the agreed limit.

#### **4.14 REGISTER OF BUSINESS INTERESTS POLICY**

Directors, Governors and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the academy.

The Trust therefore maintains a register of the business interests of each member, director, governor, member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence. The register includes:

- interests with suppliers from which the academy may wish to buy goods and services
- interests in the appointment, salary, promotion or conditions of service of members of staff

The information in the register is taken into account whenever buying or staffing decision are made. Any governor or member of staff who has an interest in the business tendering for a contract does not form part of the committee awarding the contract. Any governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Directors, governors and members of staff are required to inform the academy of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate.

The minutes of Directors meetings, Trust committee meetings, LGB meetings or any other committee which can influence a buying decision record a standard agenda point seeking updates to governors' business interests.

The only exception to the requirement to disclose a business interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the academy has or may have dealings with the company.

The register is freely available for inspection by governors, staff and parents.

#### **Receipts of gifts, hospitality, entertainment and other services**

Governors and members of staff involved in making buying decisions do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers. When considering whether to accept such offers, they consider whether they could affect their independence or cause concern that they might affect their independence. The academy maintains a register of gifts and favours offered and whether these were accepted or rejected.

Governors and members of staff are required to inform the academy of such offers as they arise.

#### **Expenditure on gifts, hospitality, entertainment and favours**

The full governing body must approve any expenditure on gifts, hospitality, ex-gratia payments and losses to be written off. The academy maintains a log of these. Such expenditure is only authorised if

the governing body can demonstrate that they have taken into account the principles of probity, accountability and value for money.

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace. The principal maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

#### **Private use**

The academy does not obtain goods or services for the private use of governors and members of staff. Governors and members of staff may not:

- hold any interest in any equipment or property held or used for the academy
- acquire any interest in the disposal of academy equipment or property at the end of any contract between the academy and any third party.

#### **4.15 WHISTLEBLOWING**

The trust whistleblowing policy (Appendix 2) should be attached as an appendix to these procedures.

It is the responsibility of the CEO to ensure that all centrally employed MAT staff and directors are aware of this policy. It is the responsibility of the Head Teacher/Principal of each member school to ensure that all staff at the school are aware of the policy and that all new staff are informed about the policy as part of induction procedures.

## Appendix 1

### EKO TRUST FINANCE & AUDIT COMMITTEE TERMS OF REFERENCE (vo.1)

#### 1. POWERS OF THE TRUST BOARD OF DIRECTORS

- 1.1. The Directors of the Trust Board shall establish the Finance & Audit a Committee as Trust Committee as empowered by the Trust's Articles of Association (Article 100b).
- 1.2. The Directors shall determine and approve the Committee' Terms of Reference and shall review the Terms at the start of each academic year (Article 101).
- 1.3. The Directors shall determine and approve the delegation of powers, responsibilities and duties to the Committee and shall review this Scheme of Delegation at the start of each academic year (Article 105).
- 1.4. The Directors shall have the right to intervene in the governance of an individual Academy where it has serious cause for concern that there is financial mismanagement or failure to operate within budget.
- 1.5. The Trust Scheme of Delegation is attached as [Annex 1](#).

#### 2. POWERS OF THE FINANCE & AUDIT COMMITTEE

The Committee shall exercise the powers, responsibilities and duties delegated by the Trust Board as set out in the Terms of Reference and Scheme of Delegation, and in particular:

- 2.1. to prepare and recommend to the Trust Board the Trust and Academy Financial Regulations and Procedures to comply with relevant statute and regulation, the Trust's Scheme of Delegation and the decisions of the Directors (SoD 5.1-2),
- 2.2. to review, recommend to the Trust Board and monitor the individual Academy annual budgets that are proposed by each Local Governing Body with a specific responsibility to ensure that budgets do not go into deficit (SoD 5.12-13),
- 2.3. to review, recommend to the Trust Board and monitor the Trust annual budget that consolidates individual Academy budgets with Trust central costs and charges, with a specific responsibility to ensure the Trust budget does not go into deficit (SoD 5.5-6),
- 2.4. to identify and propose to the Trust Board opportunities for the Trust to achieve financial and resource efficiencies for member academies through joint commissioning and procurement,
- 2.5. to review and approve the Trust and Academy Interim Year End financial reports prior to audit (SoD 5.7 & 5.14),
- 2.6. to review and recommend to the Trust Board the appointment and re-appointment of the Trust's auditors (SoD 5.3),
- 2.7. to plan and oversee the statutory audit of Annual Accounts for the Trust and each Academy,
- 2.8. to review and recommend to the Trust Board the audited Annual Accounts and Financial Statements in accordance with relevant statute and regulation (SoD 5.8),
- 2.9. to review and recommend to the Trust Board the Trustees Report (SoD 5.9),
- 2.10. to prepare and recommend to the Trust Board and implement the Trust action plan in response to the auditor's management letter (SoD 5.11),

- 2.11. to plan, oversee and monitor the internal audit of Trust and Academy compliance with the Trust's financial regulations and procedures and to recommend and implement appropriate action to enhance compliance (SoD 5.1-2),
- 2.12. to prepare and approve policies relating to the Trust's financial governance and operation including;
  - 2.12.1. Procurement,
  - 2.12.2. Anti-Fraud and Corruption
  - 2.12.3. Investment.
  - 2.12.4. Disposals and write-off of stock assets
- 2.13. to consider and respond to proposed Teachers Annual Pay Award and Support Staff Annual Pay Awards (SoD 3.4-5).
- 2.14. to recommend to the Trust Board expenditure above the OJEU limit having completed the necessary procurement (SoD 6.4)
- 2.15. to consider and respond to proposed compensation payments up to £50,000 or the limit set by the Education Funding Agency (SoD 6.5).

### **3. COMPOSITION AND APPOINTMENT OF THE FINANCE & AUDIT COMMITTEE**

- 3.1. The composition of the Finance & Audit Committee shall be as follows;
  - 3.1.1. Directors with relevant knowledge, skills and expertise in finance, accountancy, compliance, commerce and business,
  - 3.1.2. Chief Executive Officer,
  - 3.1.3. Persons with finance, accountancy or commercial expertise who will be appointed by the Trust Board and
  - 3.1.4. Further Trust Directors such that the Committee has a majority of Directors.
- 3.2. The membership of the Committee shall be detailed as [Annex 2](#).

### **4. TERM OF OFFICE AND RESPONSIBILITIES OF COMMITTEE MEMBERS**

- 4.1. The Term of Office for all Members is 4 years.
- 4.2. On appointment Members are each required to familiarise themselves and to agree to comply with;
  - 4.2.1. Trust Articles of Association,
  - 4.2.2. Trust Master and Supplementary Funding Agreements
  - 4.2.3. Trust Financial Regulations,
  - 4.2.4. Academies Finance Handbook,
  - 4.2.5. these Terms,
  - 4.2.6. current relevant financial legislation and guidance for academies.

### **5. MEETINGS OF THE COMMITTEE**

- 5.1. The Committee shall meet at least once per term and in particular;
  - 5.1.1. The Committee shall meet at the appropriate times set out in the Trust Governance Planning Calendar

- 5.1.2. The members will receive notice of each meeting seven (7) clear days before the date of the meeting.
  - 5.1.3. The agenda, papers and minutes of Committee meetings will be sent to the Clerk to the Directors when they are issued to members
  - 5.1.4. Minutes will be signed by the Committee' Chairs at the next meeting to verify that the minutes are a true record.
  - 5.2. Quorum for a meeting of the Committee will be half the members and a majority of members present being Trust Directors.
  - 5.3. Each question to be decided at a meeting of the Committee shall be determined by a majority of votes of members present and eligible to vote on the question. The Chair shall have the casting vote in the case of equal votes for and against the decision.
- 6. APPOINTMENT OF THE COMMITTEE' CHAIRS**
- 6.1. The Trust Board shall appoint the Chair, noting any recommendation from the Committee.
  - 6.2. The Trust Board shall have the right to remove the Chair and/or Vice Chair, specifically in circumstances where they have cause for concern that there is financial mismanagement within the Trust.
  - 6.3. The term of office for Chair and Vice-Chair will be 1 year and they shall be appointed at the first meeting of the Trust Board each school year.
- 7. APPOINTMENT OF A CLERK**
- 7.1. The Trust Board shall appoint a Clerk to the Committee.

**DECLARATION**

*The Finance & Audit Committee at their meetings on 16<sup>th</sup> November 2016 resolved to adopt these Terms of Reference. A copy has been forwarded to the Clerk to the Directors for the formal Trust Board records. These Terms of Reference will be reviewed annually at the start of the academic year.*

Signature  
(Chair of the Finance & Audit Committee)

Date of signature

ANNEX 1: Trust Scheme of Delegation  
ANNEX 2: Committee membership



## Appendix 2

### **WHISTLEBLOWING POLICY**

#### **1. Aims**

1.1 The Fair Funding Regulations 2002 require a procedure to be followed by all persons working at an academy, including teachers, support workers, agency workers or governors who wish to complain about financial management or financial probity at the academy, and how such complaints should be dealt with.

1.2 The Eko Trust (the Trust) is committed to the highest possible standards of openness, probity and accountability and aims to comply with the requirements of the Public Interest Disclosure Act, 1998 (amended 2003).

1.3 This Whistleblowing Policy is intended to encourage and enable those covered by the policy to raise serious concerns at an early stage, in the right way and to do so without fear of recrimination, victimisation, discrimination or disadvantage.

#### **2. Scope**

2.1 The Act provides protection for workers who disclose information which might otherwise be regarded as confidential, if the disclosure falls into one of the categories outlined below:

- a) A criminal offence has been, is being or is about to be committed.
- b) The employer has failed, is failing, or is about to fail to comply with his legal obligations.
- c) A miscarriage of justice has happened, is happening, or is likely to happen.
- d) An individual's health and safety has been, is likely to be, or is being jeopardised.
- e) The environment is, has been, or is likely to be, damaged
- f) Information falling into any of the above categories has been, is being or is likely to be deliberately concealed.

2.2 By adopting this policy the Trust is reassuring the workforce that they can safely raise concerns about malpractice internally. This will enable the individual academy to investigate and deal with such concerns raised and continue to foster a responsible and accountable culture in the organisation.

2.3 Staff, governors and directors are expected to notify the academy of any reasonable and genuine concerns they have about an abuse of the Trust's stated standards, malpractice, theft, fraud, financial abuse, criminal offences, breach of legal obligations, dereliction of the Trust's health and safety responsibilities, damage to the environment, other unethical conduct or the cover up of any of these.

2.4 It is recognised that some cases raised under the Whistleblowing Policy will proceed on a confidential basis. Every effort will be made not to reveal the identity of the individual who raises a concern without their prior consent.

2.5 The policy is not designed to replace the Grievance, Disciplinary or Child Protection Procedures. Concerns or allegations that fall within the scope of specific procedures will normally be referred for consideration under those procedures.

2.6 The policy is only about employees and governors, and it is not a replacement for the Trust's complaints procedures and other statutory reporting procedures that may apply. The Whistleblowing Policy is primarily to protect the interests of others or of the organisation.

2.7 It is accepted that there may be occasions when a concern turns out to be unfounded but was raised in good faith. The academy will not take action against the individual in these circumstances. If, an allegation was unfounded and it was clear that it had been raised frivolously, maliciously or for personal gain, then that individual may face disciplinary action.

2.8 The trust is committed to treating claims of impropriety seriously irrespective of who the alleged perpetrators are. In all cases the academy will seek the most appropriate sanction against individuals that it considers guilty of malpractice. This includes dismissing employees, taking civil legal action and, in conjunction with the law enforcement agencies, instituting criminal proceedings.

2.9 The aim of the Whistleblowing Policy is to enable employees to raise their concerns in-house and to be assured that action will be taken quickly and effectively. It should not be necessary, in most cases, to take concerns outside the academy and especially to the media. Staff have a duty of confidentiality towards the academy. It is a serious matter to disclose confidential information.

### **3. How the academy will handle concerns raised**

#### **Step One – how to raise a concern**

3.1 There are a number of agreed contacts for employees to raise concerns with under the Whistleblowing Policy. This enables the employee to choose the person to whom they wish to make the disclosure.

3.2 Employees who have a concern about any wrongdoing should normally raise their concerns with their line manager. If however you feel unable to raise the matter with your line manager, for good reason, you may raise the concern with your Head Teacher or another senior member of school staff. If you feel unable to raise your concern with any member of the school management you may raise it with the CEO or the Chair of the Trust Board of Directors.

3.3 Concerns may be raised orally or in writing. Make it clear if you want to raise the matter in confidence. The person with whom you raised the concern may have a preliminary meeting with you to discuss the most appropriate route. You may bring a friend/union representative to any meeting that is arranged in connection with the concern you have raised as long as the friend/union representative is not involved in the matter and that the friend agrees to maintain confidentiality.

3.4 If you are raising concerns as a governor you should speak to the chair of governors. If you feel unable to raise the matter with them for good reason, you should contact the CEO or the Chair of the Trust Board of Directors.

3.5 You are not expected to prove beyond doubt the truth of an allegation. However, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

3.6 The Trust hopes that this policy gives you the reassurance you would need to raise concerns internally. However, it recognises that there may be circumstances where progressing through

the internal route has failed and you can only properly report your concern to external bodies who have responsibilities to monitor the Trust's compliance to its own standards and legal obligations. In most cases the most appropriate body would be the Trust's external auditors:-

**MHA MacIntyre Hudson**

New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ  
0207 429 4100

**Step Two – What happens once a concern has been raised?**

3.7 Once you have raised your concern, the person receiving the whistleblowing allegation will be responsible for ensuring that it is investigated properly. The nature of the investigation will depend upon the concern raised.

3.8 The person receiving your whistleblowing concern is responsible for ensuring you receive feedback on progress, subject to any issues of confidentiality that may be necessary to guarantee a successful conclusion. It may not be possible to inform you of the precise action undertaken where this would infringe a duty of confidence owed by the Trust/Academy to another party.

**4. Safeguards**

4.1 The Trust recognises that the decision to report a concern can be a difficult one to make. The Trust/School will take appropriate action to safeguard you from recrimination or victimisation as a result of raising a genuine concern.

4.2 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. However in some circumstances you may be needed to come forward as a witness.

4.3 You are encouraged to put your name to your concern wherever possible. Concerns expressed where the complainant wishes to remain anonymous are much less powerful but the Trust/Academy will consider anonymous concerns on a case by case basis.

**5. Independent Advice and Helpline**

5.1 If you are unsure whether to use the Trust's Whistleblowing Policy, or you want independent advice at any stage, you may contact the independent charity called Public Concern at Work. This organisation seeks to ensure that concerns about serious malpractice are properly raised and addressed in the workplace. The staff will give you free expert and confidential advice about how to raise a concern about serious malpractice at work using a Whistleblowing Policy. The contact number is:

## **Public Concern at Work on 0207 404 6609**

5.2 The Trade Unions encourage their members to contact them for advice before they take action in accordance with the policy.

5.3 The act of seeking confidential advice under 5.1 and 5.2 is solely a matter between the parties concerned and could not itself be grounds for disciplinary action.

## **6. Responsible Bodies and Monitoring Arrangements**

6.1 The Trust Board has overall responsibility for the policy

6.2 The Head Teacher is responsible for the operation of the policy within each school and the overall maintenance of a record of concerns raised in accordance with this policy and the outcomes.

6.3 All staff will be advised of this policy and where to access it.

6.4 Local Governing Bodies within the trust will be consulted about any significant changes to this policy.

6.5 This policy was devised in consultation with the Trade Unions and will be reviewed similarly.

#### 4.16 PROCUREMENT AND TENDERING POLICY

##### **PROCUREMENT AND TENDERING POLICY**

The procurement of goods and services is the process potentially most open to abuse or mismanagement and it is therefore essential to have strong financial controls to safeguard the school's interests. This document should be reviewed in conjunction with the Academies Financial Handbook, which the Eko Trust adheres to in ensuring propriety in financial conduct <https://www.gov.uk/government/publications/academies-financial-handbook>

##### **Register of Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise Trustees and staff with significant financial or spending powers are required to declare any financial interest they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

The board of trustees ensure that the requirements for managing connected party transactions are applied across the trust. The chair of the board of trustees and the accounting officer (as senior executive leader) ensure that their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance.

The trust must seek ESFA's prior approval for transactions with connected parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board of trustees and the accounting officer.

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

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to Trustees being discussed by the governing body or a committee. Where an interest has been declared, governors 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 provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or trustee of the academy trust
- any individual or organisation connected to a member or trustee of the academy trust. For these purposes the following persons are connected to a member, or trustee
- a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than

20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company

- an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body related to such individual or organisation
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body related to such individual or organisation

A body is related to another individual or organisation if it: is controlled by the individual or organisation; or controls the organisation; or is under common control with the individual or organisation. For these purposes control means:

- holding more than 20% of the share capital (or equivalent interest), or
- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body

The trust must disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in their audited accounts for each of the following transactions:

- gifts made by the trust
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- special payments – compensation
- special payments – ex gratia
- acquisition of a freehold of land and buildings
- disposal of a freehold of land and buildings
- disposal of heritage assets taking up a leasehold on land and buildings granting a leasehold on land and buildings

The following transactions must be disclosed in total, and individually:

- special payments – staff severance, of any value

## **Purchasing**

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

- orders should not be entered into verbally and unless a Purchasing Card has been used, orders should always be made using the MATs Order Processing System. This system automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- individuals who are issued with purchase cards must complete a purchase order request form prior to making any purchase.
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be emailed to suppliers, in order to reduce timelines.

- orders may only be used for goods and services provided to the school, private individuals and other organisation may not use school systems to obtain work, goods, materials or services net of VAT.

it is the responsibility of the Budget Holder in authorising the order to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.

Orders under £5,000 – it is the responsibility of the Head Teacher / Principal (or if delegated by the Head Teacher / Principal, the School Business Manager) to ensure that the officer ordering the work, goods, materials or services has taken reasonable steps to achieve Best Value.

Best Value could be achieved by:

- holding a number of trade catalogues
- bulk purchasing of common consumables or negotiating discounts
- taking advantage of sale seasons
- obtaining alternative quotations wherever possible.

Orders over £5,000 but below £25,000 – it is the responsibility of the Head Teacher/ Principal to ensure that the school has obtained quotes or tenders from at least three suppliers. Local Governing Bodies should determine arrangements for ensuring that these quotes are considered before deciding which supplier to award the contract to. Under normal circumstances this will be the lowest of the three (or more) quotes/tenders so long as 'best value' is being achieved. If the option is taken for a quote/tender other than the lowest, the reasons for such a decision should be clearly documented and reported to the LGB.

Orders over £25,000 – it is the responsibility of the Head Teacher/ Principal to ensure that the school has taken the same reasonable steps to ensure that the Best Value has been achieved on any purchase and these steps are documented and retained for inspection. If it is not known if the purchase will exceed £25,000 but it is estimated that it will be around £25,000, then evidence of the steps taken should be retained. In practice, the most straightforward method of achieving proof of best value is by obtaining and documenting quotes or tenders as detailed above.

Orders over £50,000 All goods/services ordered with a value over £50,000 must be subject to formal tendering procedures. Purchases over £181,302 excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Ordering goods which may potentially be over £50,000 must be discussed with the MAT Chief Finance Officer who will liaise with Chair of the Audit and Finance Committee prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset. Consideration should also be given to tendering through Framework arrangements. There are various providers which give access to suppliers within their Framework, which have been pre-approved, so that the OJEU process does not apply.

### **Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and the guidance for 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 Chair of the Audit and Finance Committee 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 may be 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 are such that only specific suppliers can be expected to supply the School's requirements
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- tender through a Framework: Qualifying Suppliers can be identified and invited to tender through a Framework provider
- Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers.

This may be 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 or additional deliveries by the existing supplier are justified

### **Preparation for Tender**

Full consideration may be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### **Invitation to Tender**

If a restricted tender is to be used then an invitation to tender should 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 may include the following:

- introduction/background to the project
- Scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender and
- form of response Aspects to Consider Financial
- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- is there scope for negotiation? 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 30
- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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 and any reason for accepting them should be recorded.

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

### **Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence. Full records should be kept of all criteria used for evaluation of contracts over £50,000 and a report should be prepared for the Finance & Audit Committee highlighting the relevant issues and recommending a decision. Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender. The accepted tender should be the one that is economically most advantageous to the School. All parties should then be informed of the decision.

### **Timing**

The tendering process needs to be started in good time, especially if tendering to replace major annual contracts. 31 For contracts that need to start on September 1st, the following guidelines should be applied

- Review whether contract needs to be reviewed/replaced - by 31st January
- Check the notice period for the existing contract and ensure that it is met. Give the appropriate notice and explain the process for re-applying (if appropriate) by 28th February
- Decide whether contract will go through the Framework process or the OJEU process - by 28th February
- Initiate the OJEU or Framework process - by 1st March
- Follow the relevant process, to ensure a recommendation can be reached by 31st May
- Submit a recommendation to the Audit and Finance Committee June meeting
- Complete contract negotiations with approved supplier by 30th June

- Contract signature by 31st July