



SIKH ACADEMIES TRUST
Faith Inspired Education

SAT

Financial Policy

Date updated	Overview of change
17/8	Formatting only (HSA)
17/8	Reference of ESFA updated to DFE (HSA)
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1. AIMS

This document has been adopted by Sikh Academy Trust (the Trust)'s Board of Trustees, as the basis for the administration and management of finances. The aim of the policy is to create a framework within which individual members of staff, Board Members and other interested parties, can exercise financial management, probity and stewardship in an efficient and effective way.

This policy ensures that the Board of Trustees retains responsibility for the management of the budget, whilst providing a framework within which the Chief Executive Officer (CEO) can manage the budget on a day-to-day basis. It is essential that all parties are aware of their roles in the financial management of the Trust.

The titles Executive Head and CEO are interchangeable. The titles Head of Finance and CFO are interchangeable.

2. OVERALL MANAGEMENT RESPONSIBILITIES

Sikh Academy Trust and the Board of Trustees have a collective responsibility for the overall direction of the Trust and its strategic management and have a responsibility not only to be effective but to be seen to be effective.

The Board of Trustees will manage and administer its affairs in accordance with high standards of Public Sector administration, based on a distinct set of values, the fundamental principles of which are: -

- **Openness** – an approach to all interested parties in the disclosure of information, that lends itself to necessary scrutiny.
- **Integrity** – this is best described as both straightforward processes and completeness.
- **Accountability** – the process whereby individuals are responsible for their actions and decisions.
- **Selflessness** – Board Members should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment or other advantage, on others.
- **Objectivity**– In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.
- **Honesty** – Board of Trustees have a duty to uphold the law, and to act on all occasions in accordance with the trust placed in them.
- **Leadership**– those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Board of Trustees.

Board Members and Trust Management will have regard to: -

- The Education Standards Funding Authority (DfE) Academies Financial Handbook
- Minimum standards of financial management as set out in the DfE/Master Funding Agreement, including Financial Regulations and Contract Standing Orders.
- Advice and guidance relating to the financial performance of MATs arising from the work of Ofsted, internal audit and external audit providers and other interested parties.

The Trust believes that staff should be able to raise concerns properly, in confidence and without prejudice to their personal position. Where appropriate, this will include an opportunity to raise concerns outside the line management structure, in accordance with the Trust's **Whistleblowing Policy**.

3. ROLES AND RESPONSIBILITIES

3.1 Scheme of Delegated Authority

The Board of Trustees recognises the importance of clearly defining the roles and responsibilities of its committees, the CEO and other staff. The terms of reference for the Board of Trustees and its Committees are laid out in a separate document.

The Board Members, subject to their terms of reference, will decide how to spend the individual

General Annual Grant (GAG) budget allocated by the DfE subject to:

- Any conditions in the DfE/MAT Master Funding Agreement to protect its legal duties
- The budget only being spent for the purposes of the Trust
- Specific grant funding only being spent to meet the conditions appertaining to that grant.

The Board of Trustees, through the terms of reference, has delegated authority to the following staff to authorise spending on any one item and to authorise budgetary adjustments (virements) from one budget heading to another up to the sums specified. Any such budgetary adjustments will be notified immediately to the Chair of Finance & Audit Committee, recorded and reported to the next meeting of the Audit and Finance Committee. Beyond this limit, the approval of the Audit and Finance Committee or the full Board of Trustees is required:

Role	Authorisation limit
Trustees	Above £25,000
FAR Committee	Up to £25,000
CEO / Executive Head	£10,000
CFO / Head of Finance	£8,000
Headteachers	£3,000 provided it is within budget

The Audit and Finance Committee can authorise spending up to the sum of £25,000 on any one order subject to the necessary budget provision being available. Beyond this level the approval of the full Board of Trustees will be required.

The Audit and Finance Committee can authorise budgetary adjustments (virements) from one budget heading to another up to the sum of £50,000. Beyond this level the approval of the full Board of Trustees will be required. Any such budgetary adjustments will be recorded and reported for information to the next full Board of Trustees.

The Chair of the Board of Trustees will take responsibility for the financial control and management of the Trust in the extended absence of the CEO.

Staff to sign documentation in accordance with the Authorised Signatories list attached as **Appendix A**.

3.2 CEO's Financial Responsibilities

The CEO is responsible to the Board of Trustees for ensuring the effective operation of the finance function. The CEO will ensure that:

- The roles of each member of staff are clearly defined and the duties of staff concerned with financial transactions and administrative processes will, as far as is practicable, be distributed to ensure that key tasks are assigned to separate members of staff and that appropriate systems of internal check exist.
- DfE Funding Agreement, Financial Regulations and Contract Standing Orders are adhered to.
- The procedures and process as detailed in the Trust Finance Manual are followed in the operation of the Trust's accounting and commitment systems.
- The Board of Trustees is provided with financial advice
- Systems are in place to ensure that robust financial control is always maintained including procedures in the absence of key staff.
- Appropriate documentation and records of transactions are maintained to specified standards.

3.3 Separation of Duties

In order to reduce the risk of error or intentional manipulation, the Board of Trustees and the CEO will ensure the separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction.

Wherever possible the following duties will be separated:-

1. authorisation – of a transaction such as a purchase order or payment
2. execution – the placing of an order, receiving of goods and services
3. custody – the holding of goods and services
4. recording – the completion of accounting records.

SEPARATION OF DUTIES MATRIX

Task	Responsible Officer
Orders processed	Budget holder
Orders authorised	Budget holder line Manager
Invoice processed/GRN	Finance Officer
BAC's Payments Processing/Returns	Finance Officer
Bank Reconciliations/Reports to DfE/IDAMS/DfE/Monthly analysis and reports for Trustees	Finance Officer/Finance Manager/CFO/Head of Finance
Payments authorised (any two)	CEO/CFO/Finance Officer/Headteachers

3.4 Staffing of the Finance Function

The appointment of staff should be made with due regard to the qualifications and capabilities commensurate with their duties. Inevitably, the proper functioning of any system depends on the

competence and integrity of those operating it. The qualifications, experience, and personal qualities of those involved with financial arrangements are important features of an effective control system.

Consequently, the Board of Trustees should establish procedures to ensure that: -

- Personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities
- Training needs and opportunities for staff, particularly for those with financial responsibilities, are reviewed on a regular basis
- Clear statements of criteria for personnel selection and formal job descriptions are maintained
- Finance staffing levels are adequate
- There are effective arrangements in place to deal with the absence of key financial personnel to ensure the effective operation of the finance function and to ensure that financial control is maintained. This may be achieved through a combination of work shadowing, documented financial procedures, specified cover responsibilities are included in Job Descriptions and that support is sought, as required, from other suitably placed staff across the MAT.

3.5 Human Resources and Payroll

The CEO/Executive Head with the CFO / Head of Finance will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing, checking, and authorising of all documents and claims relating to appointment and termination of employment and expenses.

Payroll transactions will be processed only through the approved Trust payroll system. Payments for employment will not be made to staff or visiting lecturers etc. through any other mechanism. All Payroll transactions relating to staff employed by the Trust (contracted staff) or the Board of Trustees (generally casual staff) will be processed against official DfE funds (General Annual Grant or GAG) and not a voluntary unofficial fund.

The Trust will comply with the procedures laid down by the Trust on determining employment or self-employment of individuals (**Appendix C**). Unless an individual has provided clear evidence of self-employed status all payments to individuals will only be processed through the payroll system, in line with HMRC guidance.

4. BUDGET MANAGEMENT PROCEDURES

4.1 Financial Planning Process

An effective budget must support the Trust's priorities for raising standards and attainment. This can be done by ensuring that the Trust's plan for improving education outcomes and the budget is closely aligned and that the budget reflects the Trust's education priorities. The Trust Improvement Plan for raising education outcomes and the budget need to be closely linked so that the Trust can weigh up whether it has enough funds to pay for the activities that it believes are necessary for the Trust to achieve its education objectives. Also, it will be easier to show value for money if objectives within the plan have been achieved within the budgetary constraints.

A forward projection of budget of the Trust's income and expenditure for the following year and at least two succeeding years will be prepared by the CEO for approval by the Board Members in accordance with the Board of Trustees' terms of reference. The projection should include both revenue and capital funds; income from all sources and all planned expenditure.

The principal assumptions in setting the budget that need to be considered when setting the budget plan are:

- future numbers of pupils and their characteristics
- class and group sizes
- staffing profiles and increments
- pay and price increases, including those due to inflation
- changes in revenue and capital income
- curriculum resources and curriculum development plans
- occupation costs of running the MAT premises (e.g. energy costs, site services)
- procurement and maintenance (e.g. fabric and fittings, ICT equipment, whiteboards)

Board Members should ensure that any new initiatives are carefully appraised in relation to all likely costs and benefits and their financial sustainability, before being formally approved.

4.2 Reserves

The Trustees need to consider the level of reserves the Trust should hold to assist in strategic planning and ensure the stability of the Trust's operations. This includes its ability to adjust quickly to financial circumstances such as a large unplanned expenditure, cyclical maintenance and working capital requirements. Where reserves are held, it is a requirement that Trustees state their reserves policy in their annual report.

Any unspent amounts will show on a separate line of the budget (Bank) and will be reported to the Board of Trustees. It is the Trustees' intention that this amount should be no more than one month's general expenditure for the Trust, in addition to any earmarked planned future capital expenditure.

4.3 Budget Management

The CFO is responsible for preparing the annual revenue budget in sufficient detail to conform to the Trust reporting requirements and to enable the effective management of the available funds by the Board of Trustees, which is responsible for ensuring that total forecast expenditure does not exceed the available funds.

To ensure this can be done, the CFO will provide the following:

- regular monthly reports using the Trust reporting system
- regular (at least termly) monitoring reports to the Board of Trustees or Audit and Finance Committee
- additionally, the Trust will extract data as required by the DfE Academies Financial Handbook on a monthly basis, in relation to cashflow.

As a minimum standard the Board Members and the Trust can expect to see a separate budget monitoring statement for each of the funds provided by the DfE. The statement should show a comparison of expenditure and income to the approved budget

A separate budget monitoring statement for each of the funds provided by the DfE. The statement should show a comparison of expenditure and income to the approved budget expenditure and income should be broken down into those sums actually spent, sums already committed and the amounts of expenditure and income which are planned but to which the Trust is not yet committed. The statements should show, as accurately as possible, the forecast year end position.

A written report should accompany financial statements (this can be in the form of notes as part of the monitoring statement) providing details of major variations and highlighting areas of uncertainty. The report will also show the latest forecast pupil numbers and the financial implications of any revised forecasts.

It is essential that reports produced are accurate as far as reasonably possible. The CEO is responsible for ensuring that quality controls are in place so that reports are of a sound standard. Staff responsible to produce financial reports must ensure that they take appropriate steps to guarantee the reliability of the information.

The CEO may delegate responsibility for elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Trust as a whole. Delegated budget holders within the Trust will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are to be accountable to the CEO.

Board Members and the CEO will periodically review the provision of financial information to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative information.

4.4 Value Added Tax (VAT)

Under DfE regulations for Academies, VAT can be recovered on all expenditure, revenue, and capital where VAT has been charged by the provider of the goods or service. Likewise, Academies must levy VAT on income if appropriate following the guidance given by HMRC.

All transactions, expenditure, and income must be appropriately coded to the correct VAT rate when entered into the accounting system. This is essential to ensure that Input VAT (expenditure) can be offset to Output VAT (income) on a monthly VAT report to be submitted to the HMRC.

The Trust will submit a VAT Return for all academies within the Trust monthly. The VAT reimbursement (the balance between Input and Output VAT) will be passed onto each academy when received from the HMRC. The Trust is therefore able to set a budget based on Net values, assuming full recovery of VAT.

5. VALUE FOR MONEY, PURCHASING AND PAYMENTS

The Board of Trustees recognises the principles of Value for Money and aims to achieve best value for money from all its purchases.

The CEO/Executive Head is responsible for ensuring procedures are in place for testing the market, placing of orders, and paying for goods and services in accordance with DfE/Master Funding Agreement, Financial Regulations and Contract Standing Orders. The CEO could delegate this to the CFO/Head of Finance.

Competitive quotations should be obtained where appropriate, following guidance shown in table below, before an official / commitment order can be issued.

Item	Amount	Role
Comparison of Supplier catalogues, verbal enquiry or written confirmation	Below £1,000	Budget Holder or Authorised Officer within their own allocated limit
At least one single quotation to be obtained (multiple preferable)	£1,000-< £10,000	Budget Holder or Authorised Officer within their own allocated limit
3 Quotations Required	Above £10,000 to £30,000	Headteacher, CFO or CEO
3 Quotations and a Business Plan Required	Above £30,000	CFO, CEO, Finance Committee, Board of Trustees

The CEO will maintain a register of all other Contracts and Operating Leases entered into by the Trust. **Hire Purchase Agreements should not be entered into under any circumstances.**

The CEO/Head of School has delegated authority to accept the lowest quotation for all expenditure according to Limits of Delegation given in Section 3.1. In instances where the lowest quotation is not accepted this should be reported to the Audit and Finance Committee and the reasons for the decision recorded in the minutes of the meeting. For quotations above to be agreed the approval of the Audit and Finance Committee or Board of Trustees must be sought.

Quotations or tenders need not be sought because of an unforeseeable emergency involving immediate risks to persons, property or serious disruption to the Trust or significant financial loss. The CEO may approve an exemption in these circumstances but must prepare a report for the next Board Members' meeting to support the action taken.

The Register of Business Interests should be formally referred to prior to the acceptance of quotations or the awarding of contracts. It will be minuted in the Board Members' minutes that this procedure has been followed.

5.1 Orders for Goods and Services

Official Purchase Orders will be raised by the Administrator through the accounting system on receipt of a requisition form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation. Orders will be signed in accordance with the Limits of Financial Delegation.

Non-order invoices are discouraged wherever possible. Purchase Orders are required for goods purchased excluding catering items. Hence, there is no need for Purchase Orders for contractual invoices (e.g., IT services, photocopying charges and payroll services), catering items, utilities, telephone and other services.

5.2 Goods returned

The Trust will maintain clear policies on returned goods. A good's returned log must be maintained to document the return to the supplier. This includes a description of the goods, the reason for the return and the date returned via post, courier or otherwise. This procedure ensures that replacements or credits are received for all returns.

5.3 Payment of Accounts

Invoices will only be paid when the budget holder has shown approval that goods and services have been received and are of the quality expected. Payment should be made within reasonable time limits and discounts taken for quick payment where appropriate, ensuring that the Trust has paid the invoice within 30 days of receipt.

If payment is made outside the terms of payment, the Trust may be liable to a financial penalty.

5.4 Credit Card

The Credit Card is issued for the express function of obtaining goods and services for the Trust or for payments relating to business expenses incurred during the Cardholders' official duties.

A Requisition Form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation should be completed in advance for all internet purchasing transactions, with appropriate research into Value for Money procurement. Care should be taken to ascertain whether a VAT receipt will be produced, as otherwise VAT cannot be reclaimed (and the goods will be charged to the budget at the VAT inclusive price).

All cards must be always kept securely in the safe and signed in/out when taken off site.

5.5 Online Banking with Lloyds

In certain circumstances it is deemed appropriate to make an emergency payment directly through the Lloyds Bank's banking service. These transactions must be recorded with supported documentation and authorised at the appropriate level in accordance with the Scheme of Delegation.

The bank's online system will be used to make all the organisations weekly invoice payments and a 3-day turnover will be operated when making a BACS payment through this method. Faster payment methods (same day payment) is allowed when necessary.

5.6 Goods and Services for Private Use

The Trust will avoid practices such as obtaining goods and services that may include an element of private use for Board Members or staff. Trustees and staff will also avoid accepting excessive hospitality, entertainment, or other services from existing or prospective suppliers.

6. INCOME AND SUNDRY DEBTORS

6.1 General Income Matters

The CEO and the CFO is responsible for the correct accounting of all income due to, and cash collected by, the Trust. Where possible, the CEO and the CFO will ensure that the responsibility for determining sums due to the Trust is separated from the responsibility for collecting and banking such sums.

Where invoices are to be raised, the Trust will do so promptly using authorised Trust invoices. The invoice will clearly detail the service or goods provided, the settlement date and the payment required.

Where cash is collected, whether it is due to a fund provided by the DfE; fund raising or donations; or an unofficial fund, a VAT receipt will be issued. In agreed circumstances such as when collecting monies for a Trust activity for a group of pupils, Cash Collection listings will be used, and a single receipt given for the group income.

Cash and cheques collected will be kept secure until the time of banking. Income collected will be banked in its entirety as promptly as possible (usually weekly) and will not be used to cash personal cheques or for other payments (other than the official Petty Cash).

Sums received will be reconciled to the sums banked and to the accounting system to ensure that sums banked to the individual Trust and/or Trust bank account are correctly attributed to the Trust.

6.2 Debt monitoring and Debt recovery

All debts will be monitored at regular monthly intervals, via an “Aged Debtor report” in the accounting system or an appropriate manual record. As a minimum requirement the report will contain the following information:

- Debtors name/description
- Amount of Debt
- Period of debt outstanding

The Trust has two policies for debt collection. Procedures for debt recovery are outlined in the Debt Recovery Policy. Further details for school meal debt recovery are outlined in the School Meals Debt Recovery Policy.

6.3 Charging and Remission of Fees

The Board of Trustees will review the charging and remission policies at least every three years based on recommendations put forward in a written report by the CEO. The policies adopted will be based on the guidance issued by the DfE and the Trust.

6.4 DfE Borrowing Requirements

In line with funding agreements, Academy Trusts must seek the DfE's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. **Credit cards must only be used for business** (not personal) expenditure, and balances cleared before interest accrues. The Secretary of State's general position is that Academy Trusts will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.

6.5 Novel and/or contentious transactions

Novel and/or contentious transactions must always be referred to the DfE for explicit prior authorisation in line with the Academies Financial Handbook.

Novel payments or other transactions are those of which the Academy Trust has no experience or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

6.5.1 Staff Severance Payments

Trustees must consider the following issues before making a binding commitment:

- Trustees must reasonably consider the proposed payment to be in the interests of the Trust.
- Is such a payment justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, then a settlement should not be offered.
- 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.
- Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.
- Academy Trusts have delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more the DfE's prior approval must be obtained before the Trust makes any binding settlement offer to staff.

6.5.2 Compensation Payments

The Trust must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

- Academy Trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more the DfE's prior approval must be obtained
- Trusts should routinely consider whether particular cases reveal concerns about the effectiveness of internal control systems, and take any necessary steps to put failings right.

6.5.3 Ex Gratia Payments

Ex gratia payments can include payments made to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia payments must always be referred to the DfE for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction.

7 BANKING ARRANGEMENTS

The CEO is responsible for ensuring arrangements operated are in accordance with procedures specified by the Trust Financial Regulations.

7.1 Opening of Bank & Building Society accounts

The Trust has arrangements for all Restricted / official funds to be banked with Lloyds Bank who provide a comprehensive banking service to Academies and Multi Academy Trusts. Each academy will receive DfE funding into their designated individual account, in accordance with DfE Tranche funding arrangements and our own Trust procedures. The setting up and opening of these accounts has been managed by the central Trust, and the Trust may not transfer official funds to any other account without the express authority of the Chief Finance Officer.

The opening of any other account should be discussed with the CEO of the Trust and authorised by the Board of Trustees who should set out, in a formal memorandum, the arrangements covering the operation of account, 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 should also be subject to the same level of control. The bank should be advised that the account must not become overdrawn since Multi Academy Trusts are prohibited from

borrowing to finance a revenue deficit in accordance with the DfE/ Master Funding Agreement.

7.2 Deposits

The Trust should ensure that particulars of any deposit are entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include: -

- the amount of the deposit and date of receipt; and
- a reference, such as the number(s) of the receipt(s) or the name of the debtor.

7.3 Payments and Withdrawals

There should be robust controls over all ways in which funds may be drawn from accounts, including such operations as standing orders, direct debit mandates, BACS payments and salary payments.

MATs should implement the following controls, ensuring that: -

- there is separation of duties between the authorisation, preparation and issue of cheques, so that no-one who may sign a cheque may also prepare and issue it
- suitable authorised documents for example cheque requisitions exist or are approved by non-signatories (who need not be Board Members) in respect of every cheque signed
- a minimum of **2** people is authorised to sign cheques and/or online payments (as listed in **Appendix E**). All must be kept up to date with current procedures;
- mandates are held by the Trust's bankers (Lloyds Bank) detailing the arrangements above together with clear instructions that the MAT's bank accounts must not become overdrawn.

The Controls listed above exist over electronic withdrawals and electronic transfer of funds, including BACS and direct banking links such as telephone banking or computer banking e.g. for payroll purposes or the investment of surplus funds or other transfers of funds between accounts.

Payments made by BACS transfer, the Trust must ensure that the details of the receiving bank account are correct and that there are controls in place to guarantee the accuracy and authenticity of transactional information.

7.4 Reconciliation of Bank Accounts

Statements must be reviewed, thoroughly checked, and formally reconciled to the accounting system at least monthly. The reconciliation report must be retained on file with each Bank Statement, and printouts of outstanding debits and credits should be attached to the reconciliations.

Statements must be checked to ensure:

- All expenditure items – BACS payments, Cheques, Petty Cash withdrawals, Purchasing Card transactions and Online Banking transactions – have been listed
- There are no incorrect entries, or those that do not apply to this account
- The entry amounts match the invoices, vouchers or other transactions
- That all income and banking has been listed.

The reconciliation and any discrepancies are reported by the Chief Finance Officer for investigation to the CEO.

8. SECURITY OF ASSETS

8.1 Letting of Trust Premises & Individual Schools

The letting of Trust & Individual School Premises and Grounds should always be subject to a formal contract, even when the Hirer or User is connected to the Trust. A detailed **Lettings Policy** together with charges is contained in a separate document.

8.2 Insurance

The CEO will review the insurance needs of the Trust annually and liaise with the central team where appropriate to ensure that specific arrangements remain appropriate. Following the approval of the Board of Trustees, the CFO will ensure the agreed arrangements are in place.

The Board of Trustees will periodically consider whether to insure risks that are not covered by an existing policy arranged within the Trust or other voluntary body. The cost of premiums for any additional cover should be met from the Trust's delegated budget.

The CEO will be responsible for ensuring that Board Members are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g. accident, theft etc) should be reported immediately to the insurers and within the Trust.

8.3 Computer Systems

The Board Members recognise the importance of protecting computerised financial management systems and the data held therein. The CEO will ensure that the Trust is registered in accordance with the Data Protection Act 2018.

The CEO and Headteachers will ensure that effective backup procedures are in place and that all back-up disks or tapes are stored securely.

Access to Trust management computer systems will be limited to authorised staff. These staff will use passwords which should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

The Board of Trustees will ensure that a robust system is in place for the secure and encrypted transfer of data by email to ensure the Trust is not open to any data protection breaches.

8.4 Controlled Stationery (not applicable to CLP 23/24 due to use of SIMS Finance)

The following are defined as Controlled Stationery and should be recorded, with serial numbers, on receipt, on opening and on completion. Books should not be split, and blank forms secured when not in use.

- Receipt books
- Cheque books

- Paying-in Books

8.5 Security of Stocks and Other Property

The CEO/Executive Head is responsible for the care and custody of all assets within the Trust and will maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment, keys, and cash.

The CEO/Executive Head will ensure that a register of assets / inventory is maintained in accordance with the provisions of the DfE Academies Financial Handbook. Inventories will be checked at least annually, and any discrepancy shall be investigated. The Board of Trustees will be informed of surpluses and deficiencies revealed by an inventory check.

An inventory should: -

- form an important part of the Trust's procedures for ensuring that staff take responsibility for the safe custody of assets
- enable Trust management to undertake independent checks on the safe custody of assets, as a deterrent against theft or misuse
- help the Trust to manage the effective utilisation of its assets and to plan for their replacement
- support insurance claims in the event of fire, theft, or other losses.

It is good practice to ensure that items particularly at risk should be permanently and visibly marked as the Trust's property and there should be a regular, annual count by someone other than the person maintaining the inventory.

The Chief Financial Officer and Facilities Manager will advise the Trust on the Asset Management reporting required by the DfE, and the financial accounting of asset depreciation.

Safes and similar storage facilities will be kept locked, and the keys removed to be held by the key holder who will be nominated by the CEO. Normally key holders will carry keys on their person and keys must not be left on the premises overnight. A list of key holders will be maintained by the Facilities Manager and loss of any keys must be reported to the CEO and where necessary the central Trust.

8.6 Loan of assets

Items of Trust and individual school property should not be removed from Trust or individual school premises without the appropriate delegated authority. A record of any loan should be recorded in the appropriate book by the Trust and Individual School and the record updated when the asset is returned.

During holiday periods, for security reasons, staff may take high value assets home. The position relating to insurance should be clarified and explained to the staff concerned before any assets are taken off the Trust or individual school premises. 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. This has implications both for tax purposes for the individual concerned and for the proper use of public funds. Loans should therefore be kept under review and advice as appropriate.

Assets that are taken off school site will fall under the insurance policy of the borrower, so staff should ensure that they have adequate insurance in place to cover this item. Items that are lost and stolen off site will fall to the borrower for full payment to be retrieved within 7 days to ensure that the organisation is not at detriment for the loss.

8.7 Sale/disposal of assets

Surplus portable assets financed from the Trust's delegated funding can only be disposed of by sale or destruction following written authorisation by the CEO/Chair of Finance and Audit Committee. The income realised from the sale of assets will be retained by the Trust making the original purchase.

Items expected to realise up to £100 will be advertised to parents/employees via MAT notice board.

Items expected to realise between £100 & £10,000 will be offered for sale giving priority to other

Schools within the MAT, and then other educational organisations.

Items expected to realise more than £10,000 will be approved by the Chair of the Board of Trustees and the MAT should seek advice from the CEO and CFO.

Surplus assets funded from non-delegated funds will be offered to the CEO for relocation.

8.8 Capitalisation

The Board aims to capitalise all assets with a purchase value greater than £1000. This information will then be recorded to monitor and will include depreciation values.

8.9 Anti-Fraud and Anti-Corruption

The Board of Trustees and staff have a duty to report another member of staff, Local Advisory Member or Board Member whose conduct is reasonably believed to represent a failure to comply with the **Anti-Fraud and Anti-Corruption Policy**. Allegations of suspected fraud should be brought to the attention of the CFO and referred to the CEO, unless this individual is involved in the irregularity in **which case the Chair of the Board should be informed**.

8.9.1 – Fraud

The Board of Trustees and staff have a shared responsibility in respect of preventing and detecting fraud. This incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices, and falsification of accounts.

8.9.2 – Corruption

Corrupt practices are defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Trust, its staff or those in a position of governance.

OPERATIONAL POLICY AND PROCEDURE:

- A minimum of two signatures is required on Cheques or BACS payments as in place now
- A formalised monthly reconciliation statement to all cleared bank balances is required with a copy presented to the Audit and Finance Committee at least termly.
- All income is to be properly receipted
- Expenditure must be supported by proper invoices or vouchers, which must be retained for a minimum of 6 years
- All items of expenditure will require authorised budget holder approval for order and two signatories for payment
- Items of expenditure in excess of £10,000 excluding monthly remuneration as one payment will require approval by the Chair of the Audit and Finance Committee
- Uncontracted wages, loans, or ex-gratia payments are not to be made from the Trust Fund.
- Gifts may not be given of any amount without the prior approval of the Board of Trustees.

GENERAL

10.1 Board Members' Expenses

The policy relating to Governance Expenses will be reviewed at least every three years and, if payable, will be in accordance with the Trust scheme for Governance Expenses.

10.2 Register of Business Interests

The Board of Trustees and Trust staff has a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the Trust. A Register of Business Interest will be maintained for both Board Members and staff with an influence over spending decisions. The register should be made available for inspection by the Board Members, staff, parents, and Trust.

The register will include all business interests such as directorships, shareholdings and other appointments of influence within a business or other organisation, which may have dealings with the Trust. The disclosures should also include business interests of relatives and other individuals who may exert influence.

The Clerk to the Board, on behalf of the Board of Trustees must maintain a register of pecuniary / business interest forms for each member of the Board of Trustees and the CEO recording business interests. The register must be kept up to date with notification of changes and through a recommended annual review of entries. The Board of Trustees will ensure that all members of staff are aware of the responsibilities for declaring any links or personal interests which they have regarding contractors and suppliers. The CEO will maintain, in a suitable form, a record of the details of those members of staff who declare any links or personal interests which they have with contractors and suppliers.

10.3 Gifts and Hospitality Register

As a rule staff must not accept from suppliers or contractors or potential suppliers and contractors or from any firm or organisation with whom the CEO has had, is having or may have any dealings of any kind:

- any gift (other than an inexpensive seasonal gift such as a calendar or diary for use in the office) and where refusal would cause needless offence and the giver is not seeking a business decision but merely wishes to express thanks for service, advice, help or co-operation.
- any hospitality without the written authorisation of the CEO or Chair of Trustees.

A register will be maintained by the CEO to record all particulars of gifts and hospitality.

APPENDIX A

AUTHORISED SIGNATORIES LIST FOR SIKH ACADEMIES TRUST

Name	Role
Harmeet Sahota	Executive Head / Chief Executive Officer
Mandeep Choda	Deputy Finance Manager
Shilain Keshani	Headteacher (PSA)
Pavin Dhaliwal	Headteacher (KPS)
Gurminder Athwal	Chair of Trustees

APPENDIX B

EFA ACADEMY REPORTING SCHEDULE

The following schedule is published in the DfE Academies Financial Handbook:

Budget forecast	The document by which an academy trust notifies the DfE of its budget for the forthcoming academic year.
Annual accounts	A statutory requirement for all academy trusts. Properly called financial statements.
These need to be completed to a 31 August year-end, submitted to the DfE no later than 31 December, and published on the trust's website by 31 May.	
Accounts return	A return of key financial information in spread sheet format based on academy trusts' annual accounts, to be used for consolidation of trusts' accounts into the DfE's accounts and for the collection of benchmarking data.
The DfE will collect these returns from academy trusts in scope in a format, and by a date, to be notified. The Accounts Return replaces the Consistent Financial Reporting (CFR) return for maintained Trust's.	
Financial Management and Governance Self-assessment (FMGS)	A checklist for completion and return to the DfE by a notified date, by new academy trusts that are not yet preparing financial statements and not yet subject to a regularity audit

The return asks Trust's to self-assess their financial management arrangements in several specified areas.

The Trust will publish an annual timetable for reporting under these categories which will enable the consolidation of financial information from all constituent Trust's by the due date.

In addition, the Trust will require Trust's to provide termly Budget Monitoring returns annotated as described in section 4.4

APPENDIX C

EMPLOYMENT STATUS - EMPLOYED OR SELF-EMPLOYED?

The following guidance applies to payments to individuals or sole traders.

It does **not** apply:

- where payment is to organisations - limited companies, partnerships, charities, trusts, clubs, public sector bodies etc - normal purchasing processes apply
- where individuals are appointed as "office" holders under statutory requirements for example MAT Improvement Partners, National Challenge Advisors, or similar roles. These individuals must be paid via payroll even if they have their own limited company
- entertainers, musicians, actors – special rules apply; please check with the Trust Finance Team.

GUIDANCE FOR THOSE ENGAGING INDIVIDUALS Why is employment status important?

Whenever a Trust engages the services of an individual, HM Revenue and Customs (HMRC) requires that a decision is made regarding their 'employment status', i.e. whether the individual should be treated as self-employed or as an employee. Naturally, this has implications for any payments the Trust makes. When it is determined that the individual is to be regarded as an employee, deduction of income tax and national insurance is made from payments through the payroll system. This is obviously the case for staff with a contract of employment, but it does also apply to other people who undertake work for the Trust without such a contract.

HMRC are very clear that an assumption of self-employment cannot be made, even where the individual has been treated as self-employed previously. The following quotes are taken from their web site:

"It is a general requirement that those wishing to take on workers consider the terms and conditions of a particular engagement to determine whether the worker is an employee or self-employed."

"Just because a worker is self-employed in one job, doesn't necessarily mean he or she will be self-employed in another job."

Deciding whether an individual can be treated as self-employed or not is sometimes contentious, particularly with the individual concerned, who may regard a previous decision of self-employment as sufficient to support similar treatment on subsequent engagements. However, the following points are useful to bear in mind:

- It is the responsibility of the employer and not the individual to ensure that appropriate tax and National Insurance (NI) deductions are made.
- If an individual is treated as self-employed and HMRC discover, when auditing, that this is an error the Trust would become liable for the tax and NI that should have been deducted. Dependent on the extent of any transgression, fines and interest could also be imposed. If a person is treated as self-employed and the decision is later reversed, it is very difficult to then recover the tax and NI that should have been deducted. However, if a person is treated as employed and this decision is reversed, it is relatively simple to refund the tax and NI.

What do I need to do?

The following advice applies whenever you are considering engaging an individual, except:

- where the engagement will be through the normal recruitment process

- where the individual is to be involved in work of a construction nature and has a valid Construction Industry Scheme (CIS) registration – normal purchasing procedures apply

In all other cases, these are the steps you should take:

Before you engage someone:

- Consider the usual standing orders and financial regulations. The Trust Finance Team can provide more information in relation to this
- Make sure you have a defined contract or service level agreement prepared prior to the engagement that will govern the work that will be undertaken and include the requirements for Public Liability Insurance. This will help to make sure there is agreement on what is required, but it will also help to determine whether the work is to be treated as employment or not.

Once you have decided on your intention to engage an individual:

- Make sure you inform the individual you are engaging that you must complete the employment status process. You may wish to use the Employment Status Questionnaire (ESQ) which you will need their help to complete and both of you are required to sign it. This will provide you with most of the information you will need to use the HMRC on-line employment status indicator tool. They must also be told that completion of the questionnaire is no guarantee of self-employment status.

If the employment status has been determined as:

- **self-employment** - you can follow your usual purchasing process. If applicable, future payments to this individual for the same kind of work would also be paid without deductions. If the engagement changes or becomes on-going it is likely that the status will change to that of employee.
- **employee** - you should go through the normal recruitment processes subject to the usual budget and establishment requirements. Payment will be made via payroll with the deduction of tax and NI.

What if the individual is unhappy with our decision?

- It is important to note that this process has been developed in line with HMRC guidelines, and that a similar process is in place in all Trusts and local authorities (indeed all organizations should work on this basis). You must impress on the individual that it is not an optional activity.
- If the individual disagrees with the decision, ask them to write to a nominated person at the Trust giving their reasons for disagreeing, and ask them to include any supporting evidence that did not form part of the original questionnaire.

Where can I find out more?

HMRC guidance on employment status can be found at www.hmrc.gov.uk/calcs/esi.htm

APPENDIX D

REGISTER OF BUSINESS AND PERSONAL INTERESTS

NAME _____

POSITION _____

The Board of Trustees should establish a register of business and personal interests of the Members, Board of Trustees, Local Advisory Board (LAB) Members and staff, which should be open to inspection. Members, Trustees, LAB members, Heads of School and any other staff should declare any links they have with local companies from which the Trust may wish to buy goods or services. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from any decisions that they make.

(Please tick the appropriate box and complete details below if applicable)

I have read and understood the guidance above and:

I declare that I have no business or personal interests that would conflict with my work in school or influence any decisions I make. I will inform the Board of Trustees immediately should this change in the future.

☐

I declare that I have a business or personal interest that could conflict with my work in the Trust, details of which are provided below.

☐

NAME OF COMPANY/SUPPLIER WITH WHOM I HAVE AN INTEREST	TYPE OF BUSINESS / INTEREST	RELATIONSHIP

DETAILS OF BUSINESS OR PERSONAL INTEREST

NAME _____

SIGNED _____ DATE _____

APPENDIX E

AUTHORISED SIGNATORIES FOR PAYMENTS

Name	Role
Harmeet Sahota	Executive Head / Chief Executive Officer
Mandeep Choda	Deputy Finance Manager
Kuldip Sohal	Finance Officer
Shilain Keshani	Headteacher (PSA)
Pavin Dhaliwal	Headteacher (KPS)
Gurminder Athwal	Chair of Trustees