



# PROSPER TOGETHER MULTI ACADEMY TRUST

## FINANCE POLICY

APPROVED BY TRUSTEES

SIGNED.....

ROLE .....

DATED .....

**DATE**  
18/04/2023

**PREPARED BY**  
S Timmins

**REVIEW DATE**  
SEPTEMBER 2023

## **GLOSSARY OF TERMS**

**AAR** Academy Accounts Return - a financial return submitted to the ESFA reflecting the Annual Financial Statements in a format appropriate for inclusion in the Whole Government Accounts.

**AO** Accounting Officer - the AO is responsible for compliance with the Academy Trust Handbook and Academies Accounts Direction. The individual must be a fit and suitable person for the role. In trusts comprising a single academy, this should be the principal. In multi-academy trusts, it should be the chief executive or executive principal.

**AoA** Articles of Association - the AoA set out the internal management, decision making and running of the academy trust and its liability. It forms an annex to the Funding Agreement for each academy.

**ATH** Academy Trust Handbook – Academies must comply with the Handbook, published by the Department for Education. The ATH provides a framework for financial management and controls.

**CEO** Chief Executive Officer - the CEO is also the Accounting Officer and is held accountable by the Trustees of the Multi Academy Trust for the day to day running of the Trust.

**COFO** Chief Operations and Finance Officer – individual undertaking the role of Chief Finance Officer.

**DfE** Department for Education - The DfE is the 'principal regulator' of academies. It is responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner and that value for money is secured.

**ESFA** Education & Skills Funding Agency -The ESFA is the executive agency of the DfE, who also act as the agent of the Secretary of State.

**FA** Funding Agreement - Legally binding document between the Academy and the DfE.

**GAG** General Annual Grant - main funding grant received from the ESFA.

**IS** Internal Scrutiny - this is a process for checking the trust's financial systems, controls, transactions and risks.

**MoA** Memorandum of Association - the MoA sets out the name of the academy trust. It provides for details of the academy trust members under the Companies Act 2006. It forms an annex to the FA for each academy.

**RPT** Related Party Transactions - transactions related to the provision of goods or services by individuals or organisations connected to the academy trust.

**SORP** Statement of Recommended Practice - academies must comply with the Charity SORP.

**SoS** Secretary of State

## **1. Introduction**

The purpose of this document is to ensure that Prosper Together Multi Academy Trust maintains and develops systems of financial control which conform to the requirements of both propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreements with the Department for Education (DfE), the Companies Act 2006 and the appropriate Charities SORP.

The Trust and each School within the Trust must comply with the principles of financial control outlined in the academies guidance published by the Education Skills & Funding Agency (ESFA) in the Academy Funding Agreement and Academies Financial Handbook.

## **2. Scope and Applicability**

- This Policy applies to all Members, Trustees, Governors and staff of the Trust.
- All members of these groups involved with the financial management of the Trust should be familiar with the content of this Policy, any related policies and procedures, the Academy Trust Handbook (ATH) and Academy Accounts Direction.
- The Trust accounting policies are fully aligned with the ATH, Academies Accounts Direction, and the appropriate Charities SORP. All accounting transactions will be undertaken accordingly.
- Where there is scope/requirement for local decision making regarding any financial transactions, this is indicated within the Finance Policy or associated policies and procedures, including the Trust's Financial Scheme of Delegation. These regulations are applicable to all schools, projects and central office service provision.
- It is the responsibility of each central office staff and School Headteacher to ensure that staff follow the requirement of the manual.
- The Chief Executive Officer (CEO) reserves the right to suspend and/or withdraw delegated authorities in whole or part where these regulations are not being adhered to. This would effectively withdraw authority to spend on staffing or other resources.
- Compliance with these Regulations is compulsory for all staff. A member of staff who fails to comply with the Regulations may be subject to disciplinary action under Trust's disciplinary policy. Any such breach will be notified to the Board through the Finance and Resources Committee.
- In exceptional circumstances, the Finance and Resources Committee may authorise a departure from the Regulations, but such a departure is to be reported to the Board at the earliest opportunity.

## **3. Roles and Responsibility**

- All Members, Trustees, Governors and staff of the Trust must adhere to the 'Seven Principles of Public Life' (appendix A).
- The specific roles and responsibilities of all groups of people/ individuals who carry financial and assurance responsibilities within the Trust are set out below.
- The DfE will be notified, via Get Information About Schools of any changes in personnel performing the roles of Member, Trustee, Local Governor, Chairs of Trustees/School Committees, Accounting Officer and Chief Financial Officer.
- Companies House will be notified, via the appropriate forms, of any changes to Members and Trustees (Directors).

### **3.1 Members**

- The Members of the Trust are the subscribers to the Memorandum of Association, and any other individuals permitted to become Members under the Articles of Association.

- Members powers include the authority to appoint and remove Trustees. If the Trust ceases to exist, they have a limited financial liability defined in the Memorandum and Articles of Association.
- There is distinct separation between the Members' Board and the Trust Board. A distinction between the two will be maintained to ensure that Members provide oversight of and challenge to the Trust.

### 3.2 Trustees/ Directors

The Trust is a company limited by guarantee with charitable status and is governed by a Board of Directors. For Multi Academy Trusts, the terms 'Trustee' and 'Director' are interchangeable. For the purpose of this Policy, the group is referred to as 'Trustees'.

The Trust Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- Finance policy development and strategic planning.
- Ensuring sound management and administration of the Trust and its schools and ensuring that managers are equipped with relevant skills and guidance.
- Ensuring compliance with general legislative requirements.
- Establishing and maintaining a transparent system of prudent and effective internal controls.
- Management of the Trust's financial, human and other resources.
- Monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon.
- Setting the Trust's standards of conduct and values.
- Assessing and managing risk (including the preparation of a statement on risk management, for its annual report and accounts).
- To hold to account the CEO and Trust staff.

### 3.3 Local Governors

Each of the schools has a Local Governing Body that is responsible for the local management of the school.

The responsibilities and associated level of delegation of the LGBs are defined through the Trust's Articles of Association, Terms of Reference, the Trust's Scheme of Delegation and Financial Scheme of Delegation and the Trust's policies.

The LGB evidence that their responsibilities are met through the following:

- A designated Governor for Finance attends meetings with SBM/HT/COFO to discuss the management accounts and report back to the full LGB.
- Production and monitoring of a school Risk Register.
- Internal Scrutiny reports and subsequent actions.
- Minutes of meetings.

### 3.4 Finance, Audit and Risk Committee

The Board of Trustees have appointed a dedicated Finance, Audit & Risk Committee (FARC) to provide assurance over the suitability of, and compliance with, its financial systems and operational controls.

The key responsibilities of this committee include:

- Monitor and review the financial position of the organisation and ensure there is proper focus on schools who are struggling with sustainability or who are non-compliant with this handbook.

- Recommend approval of individual budgets to the Board and act as approver for significant transactions within the scheme of delegation.
- Agree the financial strategy of the organisation.
- Monitor capital projects & procurement, pensions and pay.
- Ensure the financial governance responsibilities of the Board are being met.

The FARC provides assurance to the Trust Board that risks are being adequately identified and managed by:

- reviewing the risks to internal financial control at the Trust; and
- agreeing a programme of work to address and provide assurance on those risks.

The FAR Committee is responsible for deciding which areas of risk should be subject to internal scrutiny.

The Chief Executive Officer (CEO) and Chief Operations & Finance Officer (COFO) will arrange for the sourcing of appropriate organisations to undertake the internal scrutiny inspections and for reports to be made available to the FAR Committee.

Visits will be timed throughout the school academic year and reported to the ESFA as required.

The FARC evidence that their responsibilities are met through:

- Planning a programme of works informed by the Risk Register & Risk Management Policy.
- Internal Scrutiny reports and subsequent actions
- Minutes of meetings

### 3.3 Accounting Officer

The Accounting Officer (AO) of the Trust is the CEO and they must have the skills, knowledge and experience to run the Trust. The AO is an ex-officio Trustee.

The AO has a personal responsibility to Parliament and to the Accounting Officer of the ESFA for the resources under the Trust's control. The AO should be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- Value for Money
- Regularity
- Propriety

The AO will advise the Board of Trustees in writing if at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Articles of Association, Funding Agreement or the ATH. Where the Board of Trustees is minded to proceed, despite the advice of the AO, the AO must consider the reasons the Board gives for its decision.

If, after considering those reasons, the AO's opinion is still that the action proposed by the Board is in breach of the AoA, the FA or the ATH, the AO must notify the ESFA's accounting officer immediately, and in writing.

The AO evidences that their responsibilities are met through:

- Monthly meetings with the COFO to ensure that all monthly accounting processes have been completed by the individual schools.
- Compliance with the Financial Scheme of Delegation, ensuring separation of duties.
- Verifying that an accurate Fixed Asset Register/Inventory is maintained.
- Production of a Risk Register and subsequent actions.
- Internal Scrutiny reports and subsequent actions.

- Benchmarking key performance indicators against similar Trusts.
- A review of Value for Money within the Governance Statement in the annual report and financial statements.
- Statement of Regularity, Propriety and Compliance in the annual report and financial statements.

### 3.4. Chief Finance Officer (Chief Operations & Finance Officer (COFO))

The Trust's Chief Finance Officer (CFO) is the COFO. The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The CFO must have the skills, knowledge and experience to contribute to the management of the Trust. The CFO shows that their responsibilities are met through:

- Monthly meeting with the CEO to:
  - Evidence that the appropriate period end procedures have been undertaken.
  - Evidence that payroll transactions accurately reflect approved contracts of employment and additional payments, ensuring that senior employees' payroll arrangements fully meet their tax obligations and that they comply with HM Treasury's guidance.
  - Review the period end management reports.
- Termly submission of management reports to the FAR Committee, ensuring that variances between budget and actual income and expenditure are understood, addressed and explained appropriately.
- Compliance with the Financial Scheme of Delegation, ensuring separation of duties
- Ensuring that an accurate Fixed Asset Register/Inventory is maintained.
- Risk Register and subsequent actions.
- Ensuring Internal Scrutiny audits are supported.
- Internal Scrutiny reports and subsequent actions.
- Supporting benchmarking key performance indicators against similar schools.
- A review of Value for Money of expenditure.
- Timely submission of ESFA reporting requirements.
- Ensuring production of an Annual Report and Financial Statements that adhere to all financial/accounting policies.
- Ensuring an annual external audit is supported and reflected in the Independent Reporting.
- Accountant's Assurance Report on Regularity within the Annual Report and Financial Statements.

The AO and CFO will attend termly meetings with Headteachers, SBMs and Designated Finance Governor of all schools within the Trust to discuss the relevant financial position.

### 3.5 All Staff Members

All staff members are appropriately qualified and/or experienced responsible for:

- The security of Trust property.
- Avoiding loss or damage of Trust assets and resources.
- Ensuring economy and efficiency in the use of resources.
- Conforming with the requirements of the Trust's financial policies and procedures.
- Reporting any misuse of Trust property or resources to their line manager.

## 4. Governance and Financial Oversight

The Board of Trustees will <has> approve<d> a written:

- Scheme of Delegation, including of financial powers that ensures appropriate separation of duties.

- Internal control framework/financial procedures that support the maintenance of robust internal control arrangements and full and accurate accounting records.

The Trust has appointed a Finance, Audit & Risk Committee to which the Board delegates financial scrutiny and oversight.

#### 4.1 Internal Control

The Trust has established a control framework that recognises public expectations about governance, standards and openness.

The internal control framework includes:

- A monthly meeting between the Chair of Trustees, the CEO and the COFO to discuss the monthly management accounts and to provide an overview of the current consolidated financial position of the Trust.
- Co-ordinating the planning and budgeting processes.
- Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties.
- Preparation of monthly budget monitoring reports.
- Ensuring that delegated financial authorities are respected.
- Effective planning and oversight of any capital projects - Competitive Tendering Policy /Internal Control Framework.
- The management and oversight of assets – Assets and Disposals Policy.
- The propriety and regularity of financial transactions.
- Reducing the risk of fraud and theft – Whistleblowing Policy and Anti-Fraud Policy.
- Ensuring efficiency and value for money in the organisation’s activities – Procurement and Competitive Tendering Policy.
- A process for independent checking of financial controls, systems, transactions and risks - Programme of internal scrutiny works informed by the FARC, including through reference to the Trust’s Central Risk Register.

### 5. Financial Planning

The Trust will prepare financial plans to secure the short-term and long-term financial sustainability of the Trust.

A balanced budget for all funds, which can draw on unspent funds brought forward from previous years, will be submitted to the ESFA annually in line with the ESFA timeline and following their template.

The Trust Board will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are considered.

Financial Planning will be evidenced by:

- Minutes of meetings
- The submission of the annual budget, informed by the Trust Development Plan and approved by the Trust Board to the ESFA (Revenue & Capital)
- The submission of a three-year budget plan, informed by the Trust Development Plan to the Trust Board (Revenue & Capital)
- Cash flow statement submitted to Trustees.

#### 5.1 Managing Surplus General Annual Grant/Reserves

- The majority of Trust funding is based on pupil census data.
- Schools are committed to using the allocated GAG funding for the full benefit of current pupils.
- Any surplus balances are identified against the individual schools within the Trust.
- The schools refer to the Reserves Policy within the framework of the Trust's Accounting policies.

## 5.2 Investments

The Trust Board may invest to further the Trust's charitable aims and will ensure that investment risk is properly managed. When considering making an investment, the Trust Board will only act within their powers to invest as set out in the Trust's Articles of Association.

The Trust has an Investment Policy to ensure that security of funds takes precedence over revenue maximisation and to ensure value for money. At present, this is limited to deposits in interest bearing accounts held with Lloyds Commercial Banking.

## 6. Income Generation

The schools within the Trust set fees for their chargeable services at full cost, and only apply an additional rate of return when in a commercial environment.

Fees and charges for the cost of public services to other Government funded companies or bodies will be determined at full cost as per annex 6.1 of HM Treasury's Managing Public Money.

### 6.1 Charging and Remissions

The Trust's member schools have a policy in place for Charging and Remissions to cover items such as classroom sales, trips and activities in line with the DFE guidance for maintained schools.

### 6.2 Lettings

The individual schools within the Trust have a policy in place to govern lettings. Each school's policy is a statement of the aims, principles and strategy used for dealing with lettings at that school, and contains a schedule of the chargeable rates.

## 7. Procurement and Tendering

The Trust has a Procurement and Competitive Tendering Policy in place for procurement and tendering that reflects the DFE, and EU Public Sector Procurement, low, medium and high level procurement procedures.

The policy includes appropriate guidance and the details of any appropriate approvals required regarding any operating lease arrangements that may be considered during a procurement process.

### 7.1 Contract Management

- A list of contracts is held and monitored at schools. Where possible, annual contracts should start in September each year to coincide with the start of the academic and financial year.
- The School Business Managers and COFO review this annually when the budget is set to determine which contracts are due for renewal in the coming year.
- This supports a timely, appropriate procurement process that supports the value for money aims of economy, efficiency, and effectiveness.

### 7.2 Leases



The Trust is aware that they may only enter into Operating Leases e.g. rental agreements. The Trust will ask for the Secretary of State's consent if it wishes to:

- Take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing.
- Take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years.
- Grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

### 7.3 Borrowing

- The Trust is aware that it must seek the ESFA'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.
- Purchase (Corporate) cards will only be used for business (not personal) expenditure, and balances cleared before interest accrues. Each member school and the Trust has purchase cards for the purchase and payment of goods and services. Members of staff from each school and within the Trust's Central Team are nominated purchase card cardholders. Purchase card expenditure is capped to a monthly limit for each cardholder. The limits for each purchasing card holder are held by the Central Team and any increases have to be approved by the COFO and CEO.
- The Trust is aware that the Secretary of State's general position is that academy trusts will only be granted permission for borrowing in exceptional circumstances, but that from time to time, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. For example, the Department's Condition Improvement Fund for capital projects, and the Salix scheme designed to support energy saving which will be applied for as appropriate.

## 8. Related Party Transactions

Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members).

Related Party Transactions are goods or services provided by individuals or organisations connected to the academy trust. In order to ensure that there can be no real or perceived conflicts of interest, the Trust has adopted the following policy in line with the ATH:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- All Members, Trustees, Local Governors of schools and senior employees complete the register of interests, in accordance with the ATH.
- No Member, Trustee, Local Governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust
- There are no payments to Trustees by the Trust unless permitted by the Articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest.
- The Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a trustee. The school will pay no more than 'cost' for goods or services provided to it by related parties as defined in the ATH.

The Trust Board must ensure requirements for managing related party transactions are applied across the Trust. The Chair of the Board and the AO must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid

both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'. Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- A contract or other agreement exceeding £20,000.
- A contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

### 8.1 Governor Allowances

The Trust has an Expenses Policy for Governors, Trustees and Members. The Trust should be aware of the Charity Commission's Guidance for Trustees CC11: Trustee expenses and payments.

## 9. Novel and/or Contentious Transactions

Novel payments or other transactions are those of which the 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. Novel and/or contentious transactions will always be referred to the ESFA by the Trust Board for explicit prior authorisation.

## 10. Delegated Authority – Special payments

Some transactions may fall outside the usual activities of academies and may exceed statutory and contractual obligations. The Trust will refer to Part 5 of the ATH and Annexe 4.13 of Managing Public Money when making any decisions concerning these payments. Examples of such payments are:

### 10.1 Staff severance payments

If the Trust is considering making a staff severance payment above the statutory or contractual entitlements, the Trust Board will consider the following issues:

- Whether the proposed payment is in the interests of the Trust.
- Whether the payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. This is relevant because 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, a settlement will not be offered.
- If the settlement is considered to be justified, then the Trust Board would 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 will 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.

In all cases, Trustees will refer to the DfE 'Guide to Academy Trust Severance Payments' and relevant sections of the ATH. Trustees will ensure that ESFA prior approval is sought for special severance payments where any of the following scenarios arise individually or collectively:

- The proposed special staff severance payment is for £50,000 (gross, before income tax or other deductions) or more.

- A special staff severance payment for any value is proposed and the trust is under a Financial Notice to Improve (FNtI) or a Notice to Improve (NtI).
- An exit package which includes a special severance payment is at, or above, £100,000 (gross).
- The employee earns over £150,000 (gross). For this purpose, earnings will not include employer pension contributions.

## 10.2 Compensation and Special Payments

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

The Trust is aware that, as for severance payments, they have delegated authority to approve individual compensation payments provided any non-statutory/noncontractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, ESFA's prior approval must be obtained. ESFA will refer such transactions to HM Treasury.

Where a compensation payment has been necessitated by an event that reveals concerns about the effectiveness of internal control systems, the Trust Board will take any necessary steps to correct failings.

## 10.3 Ex gratia payments

Ex gratia payments are a type of transaction that goes beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia transactions must always be referred to the ESFA by the Trust Board for prior authorisation. HM Treasury approval may also be needed. If the Trust is in doubt about a proposed transaction, advice from ESFA will be sought.

## 10.4 Gifts and Hospitality

The Trust <has> will establish a Gifts & Hospitality Policy which is applied across the Trust for the acceptance of gifts and hospitality. The policy includes a register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise a staff member's personal judgement or integrity.

Each member school retains a Gifts & Hospitality register which will be filed centrally each term. The policy will be <is> published on the Trust website and each school ensures that all members of staff are made aware of the policy.

When giving gifts, the Trust ensures that the value of the gift is reasonable, is within the limits stated in the Gifts & Hospitality Policy, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

## 11. Fixed Assets Accounting

Details of all Fixed Assets are recorded in the Fixed Asset Register. Post-conversion, all fixed assets are reflected within the Fixed Asset Register at the date that they are first brought into use.

The capitalisation threshold for the Trust, together with the useful economic lives of assets, and levels of depreciation are recorded on the Fixed Asset Register.

The Trust will seek and obtain written approval from the Secretary of State, via the ESFA, for the following:

- Acquiring a freehold on land or buildings.
- Disposing of a freehold on land or buildings.
- Disposing of heritage assets beyond any limits set out in the Trust's Funding Agreement in respect of the disposal of assets generally.
- Novel or contentious property transactions.

## **12. Accounting Adjustments**

The Trust prepares accruals accounts giving a true and fair view of the Trust's use of resources, in accordance with existing accounting standards.

Prepayments and accruals over £1k will be recorded on a monthly basis where the effect of not doing so would distort the management accounts in a material manner.

All other accounting adjustments, including depreciation, are reflected at year end.

All accounting adjustments are recorded in an excel spreadsheet, other than depreciation which is recorded on the Fixed Asset Register.

## **13. Fund Accounting**

Equity is represented in the Trust accounts by the Retained Earnings b/f (Fund Balances) and the in-year Income and Expenditure account balance.

Equity that does not represent current assets or liabilities e.g. Fixed Asset (carrying value; non-realizable) and Pension Liability (reserve) are clearly earmarked in separate restricted Fund.

This enables general funds i.e. working capital (current assets – current liabilities) to be easily identified using Access Education Finance; minimising the risk that users of the reporting software may misinterpret the information presented, believing that the Trust has more working capital available than is the case.

### **13.1 Income Recognition within Funds**

A schedule of income recognition is held indicating how income received and associated expenditure is treated within the Trust accounts, where the source of the income is additional to or being treated differently from the treatment indicated below:

- Unrestricted fund – this contains resources which can be spent on any purpose at the discretion of the Trustees, within the objects of the Trust as set out in its governing documents. It will include the following incoming resources and related expenditure:
  - Fees for hiring out facilities such as rooms and sports pitches.
  - Fees from parents for private music tuition.
  - Fees from parents for private nursery provision.
  - Proceeds from other trading activities including those of consolidated subsidiaries, where applicable.
  - Donations with no restrictions attached.
  - Fees for school trips and visits.
- Restricted fixed asset fund – as indicated in section 13 this must equate to the net book value (NBV) of the fixed assets on the Balance Sheet. Depreciation will be charged to this fund ensuring that this remains the case. The fund does not represent working capital, but incoming resources, and subsequently their NBV. Income that has been received for the purpose of purchasing resources that will enhance the value of the Fixed Assets e.g. ESFA and other government capital grants can be/are reflected in this fund, but for clarity regarding working capital, this income is held in an additional restricted fund pending related expenditure taking place and is then transferred to the Fixed Asset Fund at the point that the Assets are recognised on the Balance Sheet.

#### **14. Retention of Finance and Payroll Records**

All records relating to the Financial Management of the Trust are retained in line with the Information and Records Management Society 'Information Management Toolkit for Schools (Academies)' and the Records Management Policy contained within this.

#### **15. Whistleblowing**

The Trust has a trust-wide policy in place for whistleblowing/fraud which will be <is> published on the Trust website. Member schools ensure that all staff are aware of the Whistleblowing Policy which sets out to whom they can report their concerns and the way in which such concerns will be managed.

#### **16. Risk Management**

The Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. We will <have> recognise and are managing present and future risks to ensure our effective and continued operation, which will be <are> recorded in a risk register.

The Trust's procedures for the management of risk will <> include contingency and business continuity planning. Where reasonable recommendations are made by risk auditors, these will be addressed by the Trust.

## Appendix A

### The Seven Principles of Public Life

1. Selflessness Holders of public office should act solely in terms of the public interest.
2. Integrity Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
3. Objectivity Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. Accountability Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
5. Openness Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
6. Honesty Holders of public office should be truthful.
7. Leadership Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.