

FINANCE POLICY

Graveney Primary School
Finance Policy February 2026

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1. Introduction

- 101 The purpose of this Finance Policy is to ensure that the academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 102 The academy must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.

2. Organisation

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

202 **Members**

The Members of Graveney Primary School fully delegate the strategic management of the trust and all the monitoring to the Board of Trustees.

The Board of Trustees has the authority of the members to make decisions on the way in which they choose to delegate the function of finance.

The Directors/Trustees

- 203 The Directors/Trustees have overall responsibility for the administration of the academy's finances. The main responsibilities of the Trustees are prescribed in the Funding Agreement between the academy and the and in the academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher and
- appointment of the Finance Director/Bursar in conjunction with the Headteacher.

The Trustees have drawn up this Finance Policy to provide the guiding principles for which all Trustees and staff will operate within the **Circle Model of Governance**. The Trustees will meet six times per year. Additional meetings can be arranged if required.

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The main responsibilities of the Board of Trustees are detailed in written terms of reference: The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £30,000.
- authorising changes to the academy personnel establishment and
- reviewing the reports of the Audit and Risk Committee

The trust must ensure that the Audit and Risk Committee direct the trust's programme of internal scrutiny covering the whole year, ensuring that risks are being addressed appropriately through internal scrutiny and that the Committee reports to the Board on the adequacy of the trust's internal control framework, including financial and non-financial controls and

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management of risks. The Committee must also ensure that the Board provide appropriate, reasonable, and timely responses to both internal and external recommendations. The trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to accompany the annual accounts in December.

The Headteacher

205 Within the framework of the academy development plan, as approved by the governing body, the Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director/School Manager but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the trustees have agreed should be approved by them;
- authorising contracts between £1,500 and £30,000 in conjunction with the Finance Director/School Manager
- signing cheques in conjunction with the Finance Director/School Manager/Finance Officer or other authorised signatory
- authorising Faster payments in conjunction with the Finance Director/School Manager/Finance Officer or other authorised signatory

The Finance Director/School Manager

206 The Finance Director/SM works in close collaboration with the Headteacher through whom he/she is responsible to the Trustees. The Finance Director/SM also has direct access to the Trustees. The main responsibilities of the Finance Director/SM:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- 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 academy;
- authorising orders below £1,500 in conjunction with budget holders, signing cheques and/or Faster payments in conjunction with the Headteacher or other authorised signatory and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

The Finance Officer

The Finance Officer works in close collaboration with the Headteacher through whom he/she is responsible to the Trustees along with the Finance Director/SM. The main responsibilities of the Finance Officer:

- undertake a range of financial procedures including placing orders, invoicing, preparation of cheques and/or Faster payments, banking cash, issuing receipts and dealing with supplier issues;
- undertake reconciliations of bank accounts, Schoolcomms income and expenditure;
- the preparation of monthly management accounts and other financial data for the senior leadership team and
- process staff claims

Other Staff

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

Register of Interests

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

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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 and the date the interest began. 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 trustee or a member of staff by that person.

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

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The trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions section carrying out the programme of work to ESFA by 31 December each year when it submits its audited annual accounts.

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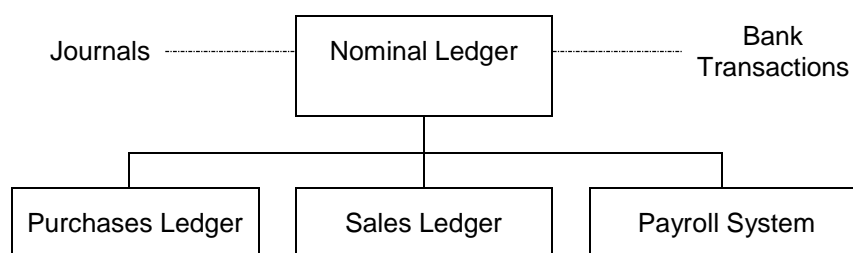
Data Protection

Graveney Primary School (as Data Controller) adheres to the GDPR and the Data Protection Act 2018 including paying a data protection fee to the Information Commissioners Office (ICO). Graveney Primary School pays £35.00 as determined by the ICO.

3. Accounting system

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All the financial transactions of the academy must be recorded on the FMS accounting system. The FMS system is operated by the Finance Department and consists of:



_____ Automatic update

----- Manual update

System Access

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Entry to the FMS system is password protected.

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Access to the component parts of the FMS system can also be restricted and the Finance Director/SM is responsible for setting access levels for any members of staff using the system.

Back-up Procedures

304 EIS is responsible for ensuring that there is effective back up procedures for the system.

Transaction Processing

305 The Finance Officer currently posts invoices onto FMS. Each procedure is checked by either the Headteacher, School Manager or Senior Teacher. Cheques are signed by two signatories. **Faster payments and BACS are uploaded by the Finance Officer and authorised by the School Manager or Head.**

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307 Detailed information on the operation of the FMS system can be found in the online user manuals.

Transaction Reports

308 The Director of Finance/SM will review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- management accounts summarising expenditure and income against budget.

Reconciliations

309 The Finance Director/SM and Headteacher are responsible for ensuring the following reconciliations are reviewed each month having been performed by the Finance Officer, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts (unallocated) and
- bank balance per the nominal ledger to the bank statement.

310 Any unusual or long outstanding reconciling items will be investigated by Finance Director. The Headteacher will review and sign all reconciliations as evidence of this review.

4. Financial planning

401 The academy prepares both medium term and short-term financial plans.

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

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

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

Development/Improvement Plan

405 The development/improvement plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans are kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

406 The form and content of the development/improvement plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies

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and any annual guidance issued by the DfE.

407 Each year the Headteacher will propose a planning cycle and timetable to the governing body which allows for:

- a review of past activities, aims and objectives - “did we get it right?”
- definition or redefinition of aims and objectives – “are the aims still relevant?”
- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

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

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

410 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to the Headteacher. The Headteacher should monitor performance against the defined success criteria throughout the year and report accordingly to the Governing Body. If there is a significant divergence from the agreed plan will recommend an appropriate course of action.

Annual Budget

411 The Finance Director/SM and Headteacher are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Full Body of Trustees.

412 The approved budget must be submitted to the EFA each July (Unless notified of a change in date). The Finance Director/SM is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

414 The budgetary planning process will incorporate the following elements:

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

Balancing the Budget

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

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current financial climate this may not be achievable.

Finalising the Budget

416 Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director/SM and Headteacher for approval by the Board of Trustees.

417 The budget should be seen as a working document which may need revising throughout the year as circumstances change.

418 Monitoring and Review

Monthly Management Accounts will be prepared by the Finance Officer. The accounts are checked by the Finance Director and Headteacher and sent to the Chair of Governors. The Management accounts will also be uploaded to the school intranet on the trustees page.

Termly reports will be prepared by the Finance Director. The reports will detail actual income and expenditure against budget at a summary level for the Headteacher and Board of Trustees.

419 Any potential overspend against the budget must in the first instance be discussed with the Finance Director. The accounting system will alert an overspent budget.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency.

5. Payroll

501 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

502 The Headteacher has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Trustees who must ensure that adequate budgetary provision exists for any establishment changes.

503 The Headteacher has authority to appoint staff within the authorised establishment except for Senior Staff whose appointments must follow consultation with the Trustees. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Finance Director immediately.

Payroll Administration

504 The academy payroll is administered by Cantium Business Solutions (formerly Schools Personnel Services). Access to the system is password controlled. Password control procedures and back-up arrangements are described in section two of this manual.

505 All staff are paid monthly through the Cantium Business Solutions Intepay system.

506 The Finance Officer completes on line claims for overtime and supply. a monthly staff return to include any overtime.

Payments

507 After the payroll has been processed a printout of payments is received from Cantium Business

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Solutions Intepay. The print must be reviewed and authorised by the Headteacher/SM.

- 508 All salary payments are made by BACS.
- 509 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. These payments are processed by Cantium Business Solutions.
- 510 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made to individual cost centres. The Finance Director should review the payroll each month to ensure the correct amount has been coded to individual cost centres and they have been correctly updated.
- 511 On an annual basis the Finance Director must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.
- 512 **Novel, contentious and repercussive transactions**
Novel, contentious and/or repercussive transactions must always be referred to ESFA for prior approval. ESFA may refer such transactions to HM Treasury for approval, so trusts should allow sufficient time for proposals to be considered.
- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
 - Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
 - Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Special payments

- 513 Certain transactions by public bodies may fall outside the planned range of activity and may exceed statutory and contractual obligations. HM Treasury calls these special payments, (see annex 4.13 of Managing Public Money), and are subject to greater control than other payments. They include:
- staff severance payments
 - compensation payments
 - ex gratia payments.

Related party transactions

- 514 Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group. The full definition can be found in:
- Financial Reporting Standard 102
 - section 9 and appendix 1 of the Charities SORP.

The related parties section of ESFA's Accounts Direction provides further information:

All transactions undertaken by an academy trust with related parties must be regarded as material regardless of their size and must be disclosed. Under the SORP [paragraph 9.20] disclosure must include:

- the names of the related parties
- a description of the relationship between the parties
- a description of the transactions
- the amounts involved • the amounts due to or from related parties at the balance sheet date, and any provisions for doubtful debts or amounts written off
- details of any guarantees given/received
- terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement
- any other elements of the transactions which are necessary for the understanding of the

accounts.

Purchasing

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

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

Purchasing

602 The Budgets accounts are all the responsibility of the Headteacher.

603 Routine purchases up to £1,500 can be ordered by the Finance Officer or Finance Director. A quote or price must always be obtained before any order is placed.

604 The trust's funds must not be used to purchase alcohol for consumption. ATH 2021 [2.35]

605 All commitments are entered on to FMS (when practical to do so) and signed by either the Headteacher, Senior Teacher or SM who will ensure adequate budgetary provision exists before signing.

606 With online or telephone orders, a check on budget available must be made before goods are ordered with either the Headteacher or SM. This may also occur during times of school closure, busy periods, or where regular service suppliers issue an invoice.

607 On receipt of the budget the Administrative assistant or Teaching Assistant must undertake a detailed check of the goods received against the goods delivery/order and make a record of any discrepancies between the goods delivered and the order. Discrepancies should be discussed with the supplier of the goods without delay.

608 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified.

609 All invoices should be sent to the Finance Office. The Finance office will stamp invoices with a grid against which the following can be evidenced:

- invoice arithmetically correct;
- invoice posted to purchase ledger;
- goods/ services received;
- prices correct;
- invoice authorised for payment;

610 Boxes (a) and (b) will be completed by the Finance Officer. The invoice will then be sent to the Headteacher to complete box(c), the documents must be attached to the invoice before it is sent back to the Finance Office. These checks should be undertaken before a payment is issued.

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611 When the Headteacher has completed box c, the invoice, orders are returned to the Finance Office. The Finance Officer will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

612 Cheques will be dispatched to suppliers by the Finance Officer who will also attach a remittance advice note on the invoice and then place it in the appropriate file.

613 For all purchases that are covered under an EU Tendered Framework Agreement, we will utilise the procurement options available. For all other goods/services, the following applies: -

Orders over £5000 but less than £30,000

614 At least two (preferably three) written quotations should be obtained for all orders between £5000 and £30,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained for audit purposes. Telephone quotes are acceptable if these are evidenced

Orders over £30,000

615 All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures. Guidance on procurement rules are found in Academies Trust Handbook 2.28, Public Contracts Regulations 2015 and Find a Tender service.

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstance
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

617 Full consideration should be given to:

- objective of project

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- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

618 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

619 If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

620 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tendering Procedures

- 621 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.
- 622 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.
- 623 Full records should be kept of all criteria used for evaluation and for contracts over £30,000 a report should be prepared for the Local Governing Body Committee highlighting the relevant issues and recommending a decision. For contracts under £30,000 the decision and criteria should be recorded and available to the Local Governing Body Committee.
- 624 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.
- 625 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

7 Income

- 701 The main sources of income for the academy are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.
- 702 The academy also obtains income from:
- parents
 - donations.

Income from Parents

- 703 A cashless online system is in place, 'Schoolcomms' for payments for trips and chargeable activities. Parents make payments via this and records are available to all parties to check payments/outstanding balances. On occasion direct payments are made to the school bank account via parents, Pay Point or vouchers.

8 Cash Management

Bank Accounts

- 801 The opening of all accounts must be authorised by the Governing Body (including deposit account/s). The Headteacher approves the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control. All banking arrangements will be with Lloyds Bank.

Deposits

- 802 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- the amount of the deposit and
 - a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

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

- Headteacher
- Finance Director
- Finance Officer
- Senior teacher;

804 This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy Administration.

805 The Finance Director must ensure bank statements are received regularly and that monthly reconciliations are performed by the Finance Officer. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the relevant cash books;
- reconciliations are prepared by the Finance Officer
- reconciliations are subject to an independent review carried out by the finance monitoring pair
- adjustments arising are dealt with promptly.

Petty Cash Accounts

806 Graveney Primary School does not operate a cash account. Schoolcomms is used to receive payments from parents and staff.

9 Fixed assets

Asset register

901 All items purchased with a value over the academy's capitalisation limit (this is to be decided on individual item purchase basis) must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition (if known)
- asset cost
- location

902 The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

- 903 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 904 All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

Disposals

- 905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher.

Loan of Assets

- 906 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
- 907 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

Fraud, theft and irregularity

- 908 Existing good practice within the school in terms of its systems of internal control both financial and non-financial and the external regulatory audit ensure that any case of suspected fraud or impropriety would quickly be discovered. Where a trust suspects fraud or impropriety or an irregularity is identified, the board of trustees must notify ESFA, as soon as possible or any exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, must also be reported.

909 Severance, compensation & ex-gratia payments

Severance - Special staff severance payments can be paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments. 5.8 If an academy trust is considering a staff severance payment above statutory or contractual entitlements, the trust must follow AH guidance [5.6 to 5.17]

Compensation - payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. If the academy trust is considering a compensation payment, it must base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money. AH [5.14] 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 ESFA's prior approval must be obtained. ESFA will refer such transactions to HM Treasury. 5.15 Trusts should consider whether cases reveal concerns about the effectiveness of internal control systems and take steps to correct failings

Ex gratia payments - 5.16 Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Annex 4.13 of Managing Public Money provides examples, including payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy. 5.17 Ex gratia transactions must always be referred to ESFA for prior approval. HM Treasury approval may also be needed. If trusts are in doubt about a proposed transaction, they should seek ESFA advice.

910 **Write-offs and entering into liabilities**

The academy trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits described below:

- writing-off debts and losses
- entering into guarantees, letters of comfort or indemnity

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years.
- cumulatively, 5% of total annual income in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years. 5.20

In relation to these limits:

- the trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled
- the trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative
- the amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the trust's last audited accounts. ESFA should be contacted if the trust has not yet published their first audited accounts. 41 5.21 Before accepting liabilities by issuing guarantees, a letter of comfort or indemnity, the trust should secure value for money by appraising the proposal through assessment of the costs and benefits of relevant options.

911 **Acquisition and disposal of fixed assets**

Academy trusts must obtain prior approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally. Other than land, buildings and heritage assets, trusts can dispose of other fixed asset without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

912 **Leasing**

There are two types of lease:

- finance leases: these are a form of borrowing
- operating leases: these are not borrowing.

Trusts must obtain ESFA's prior approval for the following leasing transactions:

- taking up a finance lease on any asset for any duration from another party, which are subject to the borrowing restrictions described in paragraphs 5.32 and 5.33
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party. 5.26 Other than the above, trusts do not require ESFA's approval for operating leases. 5.27 Trusts must ensure any lease maintains the principles of value for money, regularity and propriety. Trusts should seek advice from their professional adviser and/or external auditor if they are in doubt over whether a lease involves borrowing.

9.13 **Borrowing**

Academy trusts must obtain 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, regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues. However, academy trusts will only be granted permission for borrowing in exceptional circumstances, such as schemes introduced by the Secretary of State to meet broader policy objectives - for example the Department's Condition Improvement Fund for capital projects, and the Salix scheme that supports energy saving.

10. Capital Projects

Minor works are organised by the School Manager & Headteacher using local building firms
For large capital projects the school employs a local firm of Building consultants.

Signed Chair of Trustees.....Date.....

Headteacher.....Date.....

Review Date February 2027