





# EPA Finance Policy

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REVIEW DATE:	September 2024
CHAIR OF TRUSTEES:	
CEO:	

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# EYNSHAM PARTNERSHIP ACADEMY TRUST

## 1. INTRODUCTION

The Trust is an academy created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association.

The funding agreement between the Education and Skills Funding Agency (ESFA), an executive agency of the Department for Education, and the Trust sets out the terms and conditions on which grant is made. The Board is responsible for ensuring that conditions of grant are met. As part of this process the Trust is required to have in place sound financial systems and controls. The financial regulations of the Trust form part of this overall system of accountability.

This document sets out the Trust's financial regulations. It translates into practical guidance the Trust's broad policies relating to financial control. These financial regulations are subordinate to the Trust's articles of association and to any restrictions contained within the Trust's funding agreement with the ESFA and their Academies Financial Handbook (AFH 2021)

The Trust's Financial Policy includes this document together with the Scheme of Delegation and nine related stand-alone financial policies. These are

- Scheme of Delegation
- Expense, Travel and Subsistence Policy
- Fixed Asset Policy and Inventories
- Fraud Policy
- Gifts, Hospitality and Anti-Bribery Policy
- Investment Policy
- Lettings Policy.
- Procurement Policy,
- Recharging and Remissions Policy and
- Reserves Policy.

Policies are held as separate where the policies are either lengthy policies and can therefore sit on their own or where the policies may be updated on a regular basis (independent of this main document).

This Finance policy is updated on an annual basis in line with the annual update of the Academies Financial Handbook. The stand-alone policies will be reviewed every three years or when regulations change.

The Trust's detailed procedures setting out precisely how these regulations are implemented, are contained in a separate manual which is available to all academies.

Compliance with the Financial Policy is compulsory for all staff connected with the Trust. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary policy. Any such breach will be notified by the Chief Finance Officer (CFO) to the Finance and Resources Committee and any significant breaches being reported to the Board. It is the responsibility of the Head (in liaison with the central finance & payroll team) to ensure that their staff are made aware of the existence and content of the Trust's Financial Policy.

## 2. FINANCIAL POLICY

The purpose of the policy is

- To define the responsibilities within the Trust and ensure compliance with statutory requirements
- To provide guidance on the application of statutory regulations and internal controls
- To identify procedures to ensure integrity of internal controls
- To set out guidelines to ensure effectiveness of resources

## 3. ORGANANISATIONAL STRUCTURE OF FINANCIAL RESPONSIBILITY

The Eynsham Partnership Academy is a Multi Academy Trust (MAT) and a company limited by guarantee with charitable status (Company number 07939655). At the start of 2022, the MAT is comprised of eight academies, all governed by one trust, the EPA.

- Bartholomew School
- Eynsham Community Primary School
- Freeland Church of England Primary School
- Hanborough Manor Church of England School
- Heyford Park School
- Stanton Harcourt Church of England Primary School
- St Peter's Church of England Primary School, Cassington
- Standlake Church of England Primary School

EPA's structure consists of a number of levels: Members, the Board of Directors (Trustees), LGB Members, The Executive Team, Senior Leadership Teams and other academy leaders/managers. In this document the term Trustees and Directors have been used interchangeably. The Trustees have a different status to the Members of an academy trust. The aim of the structure is to delegate responsibility, ensure involvement in decision-

making at all levels and maximise opportunities for succession planning.

The Trustees and LGB Members fulfil a largely strategic role. The Trustees must establish separate committees to be known as Local Governing Bodies for each Academy and will ensure that, where possible, each LGB shall include at least two elected representatives of the parents of pupils attending the relevant Academy.

The details of governance structure and names of Members, Trustees and Governors are published on the website and kept up to date. The ESFA are notified when there are changes to governance information through 'Get Information about schools' (GIAS).

#### 4. FINANCIAL ROLES AND REPOSIBILITIES IN THE TRUST

The main responsibilities of the MAT are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a CEO (as AO)
- appointment of the CFO (in conjunction with the CEO)
- ensure regularity, propriety and value-for-money in relation to the management of public funds; and
- ensure the trust is financially sustainable and able to operate as a going concern.

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff.

The Trust shall have in place Financial Authorisation Limits (Appendix B) as approved annually by the Finance and Resources Committee.

The main responsibilities of these Committees are set out in written terms of reference. The Committees that have responsibilities relating to the Academy finances are as follows:

1. Trust Board
2. Audit and Risk Committee

### 3. Finance and Resources Committee

#### 4.1. RATIONALE AND ACCOUNTABILITY – GOVERNANCE

##### 4.1.1. MEMBERS

Every trust has Members who have a similar role to shareholders of a company limited by shares. They:

- are the subscribers to the memorandum of association (where they are founding Members)
- may amend the articles of association subject to any restrictions created by the funding agreement or charity law
- may, by special resolution, appoint new Members or remove existing Members other than, where there is one, the foundation/sponsor body and any Members it has appointed
- have powers to appoint Trustees as set out in the trust's articles of association and powers under the Companies Act 2006 to remove Trustees
- may, by special resolution, issue direction to the Trustees to take a specific action
- appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act)
- have power to change the company's name and, ultimately, wind it up.

The academy trust must have at least three Members, all of which cannot occupy a staff establishment role, paid or unpaid.

Trusts must ensure that their Members are not currently subject to a direction made under section 128 of the Education and Skills Act 2008 which prohibits individuals from taking part in academy trust management, and that they do not appoint as a member, a person who is currently subject to a section 128 direction.

Members will be kept informed by Trustees about trust business so they can be assured the board is exercising effective governance and be provided with the annual report and accounts.

##### 4.1.2. BOARD OF DIRECTORS OR TRUSTEES

Trustees of the trust are both charity Trustees and company Directors.

The Trust's articles determine the minimum number and how the Trustees are appointed. The Accounting Officer is the only employee who may be appointed to the Board. The 2023 Academy trust handbook states that board meetings must take place 3 times a year but consideration should be given to more frequent meetings in order for the Board to discharge its responsibilities. The Board currently meets six times a year.



The Trust has reserved places for parents, carers or other individuals with parental responsibilities. The Trust will ensure there are a minimum of two places on each LGB or two places on the Board of Directors.

Trustees focus on

- Ensuring clarity of vision, ethos and strategic direction
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and
- Overseeing and ensuring effective financial performance.

The Trustees will apply the highest standards of conduct and ensure robust governance and follow the Governance Handbook.

The Trustees must comply with the Trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement which in summary are to:

- act within their powers
- promote the success of the company
- exercise independent judgement
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not accept benefits from third parties
- declare interest in proposed transactions or arrangements.

The Trustees must ensure regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The Trustees must also take ownership of the trust's financial sustainability and its ability to operate as a going concern. In particular, they will

- approve a scheme of delegate of financial powers
- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer time view of financial plans, at least for three years
- set a reserves policy
- oversee risk management and risk register at least annually
- approve a balanced budget
- monitor monthly management accounts (including cash flow forecast, balance sheet and variance actual to budget report) when it meets and be assured that it has appropriate oversight of the trust's financial position.
- approve the annual accounts

- follow an evidence-based process to set levels of executive pay.
- set the terms of reference for the Finance and Resources Committee

The Trust has a range of other obligations under current legislation and statutory guidance including safeguarding, health and safety and estates management. These are covered in the Safeguarding and Health and Safety Policies.

The Board will assess its composition in terms of skills, effectiveness, leadership and impact each year.

#### 4.1.3. CHAIR OF BOARD OF DIRECTORS

The financial role of the Chair of the Board of Directors is to:

- Ensure effective functioning of the Board of Directors
- Setting high expectations of professional standards of governance and accountability of the board
- Give the board clear leadership and direction and focused on its core functions; and
- Receive and review monthly management accounts.

#### 4.1.4. EPA FINANCE AND RESOURCES COMMITTEE

In order to assist with the Board of Directors' financial responsibilities, the role of the Finance and Resources Committee is to:

- recommend the annual revenue and capital budget for approval by the Trustees.
- ensure the annual report and financial statements are produced in accordance with the Companies Act 2006, Charity Commission's Statement of Recommended Practice (2015) and the ESFA guidance issued to academies
- review and maintain finance and Health and Safety policies
- monitor the annual budget against actual income and spend and take corrective actions as necessary
- agree the levels of authority for spending to Trustees
- consider the impact and take corrective action on factors affecting the medium and long term financial plans.
- receive and respond promptly to reports and findings of internal audit and external audit reports
- approve contracts for over £75,000 for schools
- Provide oversight of the EPA risk process and risk register; and
- Receive reports on Health and Safety performance.

#### 4.1.5. EPA AUDIT AND RISK COMMITTEE

In order to provide an independent oversight and scrutiny across the Trust and its academies, the Audit and Risk Committee meets at least three times a year to:

- Make recommendations to the Board re the appointment, reappointment and removal of auditors on an annual basis.
- Consider reports arising from the external auditors including the planning letter, annual report and accounts, management letters and value for money reports; and monitor progress against action plans
- Oversee and approve the Trust's programme of internal scrutiny on a rolling basis by
- Ensuring that risks are being addressed appropriately by a review of the risk register at each meeting and adjusting the programme of internal scrutiny as a result if required; and
- Report to the board on the adequacy of the Trust's internal control network including financial and non-financial controls and management of risks.

Members cannot be employees and the Chair of the Trust cannot chair the Audit and Risk Committee.

#### 4.1.6. THE ROLE OF THE LOCAL GOVERNING BODY (LGB)

The role of the LGB in school financial administration is:

- To review the overall school budget, including staffing, priorities for future expenditure from the School Improvement Plan and submit the draft budget plan to the CFO and EPA Trustees – the budget must achieve an in-year balance or better unless there are exceptional circumstances.
- To maintain a register of pecuniary interests for Governors and staff
- To monitor financial reports on spend and income generated in the year
- To monitor the effectiveness of internal financial controls and procedures
- To determine matters relating to building maintenance, health and safety, school security and lettings outside school hours in accordance with the Governors' delegated responsibilities; and
- To consider the findings and recommendations of internal scrutiny reports and findings identified by the CFO.

The LGB may wish to set up a LGB Finance and Resources Committee to assist in the fulfilment of their responsibilities.

The Chair of the LGB shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality

exclusions), and papers for each meeting should be made available at the school for anyone to read.

#### 4.1.7. GOVERNANCE PROFESSIONAL (CLERK)

The Trust has a governance professional to support the Board. This cannot be the CEO, principle or a Trustee.

### 4.2. RATIONALE AND ACCOUNTABILITY – EXECUTIVE LEADERSHIP

Detailed information is set out in the ATH regarding the responsibilities of the Accounting Officer (AO) and the Chief Financial Officer (CFO) with the key responsibilities set out below. The AFH states that the AO and the CFO should be employees of the Trust and if they are not, then approval from the ESFA is required. The AO should be formally appointed by a Trustee. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of EPA's finances.

If and when the AO plans to leave, the Trustees should discuss their plans with the Regional Schools Commissioner.

#### 4.2.1. ACCOUNTING OFFICER AND CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) has overall responsibility for EPA's activities including financial activities and must be an employee.

- To act as the ESFA's defined "Accounting Officer" for all academies in the Trust
- To advise the relevant body on the discharge of its responsibilities
- To assure the board there is compliance with the funding agreement and handbook and raise any concerns with the Board in writing
- To ensure the efficient, economical and effective management of the Trust's resources and expenditure, including funds, capital assets and equipment and staff
- To ensure the maintenance of sound financial controls
- To ensure that financial considerations are taken fully into account in reaching decisions and in their execution
- To be responsible for signing, with the Chair of the Board of Directors, the approved budget, annual accounts and a statement on regularity, propriety and compliance each year ensuring they are properly presented and causing records to be maintained relating to the accounts; and
- To approve new staff appointments in accordance with the EPA Scheme of Delegation.

In practice, much of the financial and operational responsibility is delegated to the CFO by the CEO.

#### 4.2.2. CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) plays a technical and leadership role. The CFO must be an employee with direct access to the Trustees and Governors. The main responsibilities of the CFO are:

- To act as the Trust's Chief Financial Officer in terms of ESFA defined roles and responsibility
- To support the Directors and Accounting Officer as needed in carrying out their financial responsibilities
- To ensure compliance with all aspects of academy financial management requirements are implemented, in particular reporting to the ESFA/DfE, Companies House and other stakeholders
- To ensure that the Trust has financial controls and procedures in place
- To be the lead on liaising with external relationships with regards to finance
- To report and manager any novel, contentious or repercussive transactions
- To provide timely and accurate financial reports
- To ensure there is an appropriate risk management process
- To ensure that external and internal audits are planned and implemented
- To implement policy on all HR/payroll matters with the support of Corporate HR
- To financially lead and manage the capital investment, special projects and commercial finances
- Ensure best value for money; and
- To undertake the role of Company secretary.

As the EPA is a growing trust and aspiring to over 3,000 pupils, the CFO should hold relevant accountancy qualifications and maintain professional development.

#### 4.2.3. ACADEMY HEAD

The day-to-day operation of the budget is delegated to the Head, whose responsibilities include:

- To ensure the efficient, economical and effective management of their academy resources and expenditure, including funds, capital assets and equipment and staff
- To ensure the maintenance of sound financial controls within their academy
- To prepare the schools budget and submit these plans to the LGB in line with EPA scheme of delegation

- To ensure that financial considerations are taken fully into account in reaching decisions and in their execution
- To approve new staff appointments following consultation with the Chief Executive Officer and in accordance with the EPA Scheme of Delegation
- To provide financial and payroll information to the central team in when needed
- To approve all expenditure as stipulated within the Scheme of Delegation
- To ensure the school inventory is maintained; and
- To effectively manage and control systems and processes to reduce financial risk.

The Head may delegate financial/administration procedures to the school administration team, budget holders and staff as appropriate including

#### **School administrators**

- Reporting employment and payroll changes to the central team
- Ensuring that order and invoice authorisation EPA procedures are followed
- recording income; keeping securely and notifying the central team; and
- assisting in the maintenance of an accurate inventory and associated security procedures.

#### **Budget holders**

- To manage their income and expenditure within the agreed limits, forecasting and notifying their finance contact at the earliest opportunity where this will not be possible.
- Put in place corrective action to manage within agreed resource limits.
- To seek central team assistance in the planning stage of new processes or plans.
- To actively seek 'best value' on all work, goods, materials or services procured on behalf of the school.
- To ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the central team for processing.

#### **Staff**

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conducting all financial transactions relating to the school in accordance with this Finance Policy.

## 5. BUDEETARY PLANNING AND CONTROL

### 5.1.BUDGET PLANNING

The Trustees shall plan the Trust finances through

- The approval and implementation of an annual budget based on the aims, objectives and priorities of each academy, the financial position of the academy and the levels of projected reserves.
- Preparation of a medium term Financial plan of at least three years, updated annually
- Agree and regularly review a scheme of delegation.

The budget is structured to facilitate statutory reporting requirements and good financial control.

The CFO prepares the budget assumptions e.g. pay increases, census information, grants that form the foundation of the budget. Information from the current year, staffing requirements and known commitments are shared with Heads to create the initial draft budget.

Budget managers feed into this process by discussing their requirements with the Head. Any actions from the annual Strategic Development Plan which require a budget must be included.

The draft budget will be finalised with the CFO/Finance Manager once all the figures agree with the financial framework. This is likely to be an iterative process. This is then reviewed by the CEO and CFO for scrutiny and review prior to sharing with the school LGB.

The LGB discusses the budget with the Head but any proposed changes must be agreed with the CEO/CFO. Each LGB can agree how it works with the LGB Finance Committee if there is one set up.

The proposed budget and plans, with the budget assumptions, are reviewed by the Finance and Resources Committee who will recommend the budget to the Board of Directors for final approval.

This final budget is sent to the ESFA by 31<sup>st</sup> August each year and becomes the Approved budget for the year.

## 5.2.BUDGETING ROLES

<b>Committee/Role</b>	<b>Action</b>
Board of Directors	Authorise Annual Budget and 3 Year Financial Plan
EPA Finance and Resources Committee	Propose and recommend Annual Budget and 3 Year Financial Plan to Directors
School LGBs	LGBs review provisional budget including staffing

CEO and CFO	Agree provisional Annual Budget and 3 Year Financial Plan
Head	Propose annual budget and 3 Year Financial Plan for CEO, CFO and LGB with support from central finance
SLT, Budget holders	Propose budget requirements to Heads
CFO	Prepares budgets assumptions and framework for Heads

### 5.3.BUDGET CONTROL AND MONITORING

Budget managers have responsibility for routine control and monitoring of expenditure against their budget. Variations to predicted expenditure are investigated by the central Finance team, and if significant, the Head is informed and corrective actions required.

### 5.4.BUDGET VIREMENTS

Budget virements (transfers) will not normally be done in year. Instead variances will be explained in the monthly management accounts.

The Head is authorised to vary the annual budget between budget lines, so that the overall budget is not changed, due to changes in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school. This variation or virement shall not exceed £10,000 in the primary schools and £25,000 in the secondary/all-through schools. The CFO should be notified and this will be noted in the commentary in the management accounts. Anything above this will need to be agreed by the Finance and Resources Committee.

If there are significant budgeting changes needed that impact on the bottom line (in-year surplus/deficit), this needs prior approval by the CFO and EPA Finance committee and the EPA budget will be revised and the agreed in line with process for the original budget.

### 5.5.REVIEW OF BUDGETS

Budgets will be reviewed, at least monthly, with particular attention paid to projected income, staffing and capital spend. Details of historical income and expenditure any corrective action must be recorded and accessible to support future financial planning. Monthly management reports will be prepared for Heads, Chairs of LGBs and reviewed by the central finance team. Recommendations and action taken should be clearly documented.

### 5.6.FINANCIAL RESPONSIBILITY



The Board of Directors has delegated routine control to the Finance and Resources Committee, who review management accounts regularly. The Trust's scheme of delegation sets out delegated authorities.

#### 5.7. INTEGRATED APPROACH TO CURRICULUM & FINANCIAL PLANNING (ICFP)

The Trust will use ICFP as strongly recommended by the ESFA, to identify areas for financial improvement so that Heads are confident about delivering the best curriculum and educational priorities for the funding that is available. This will be used to feed into the budgeting process.

#### 5.8. MONTHLY FINANCIAL REPORTING

On a monthly basis the CFO will report the financial performance of the Trust to the Chair of the Board of Directors, CEO and Chair of the Finance and Resources Committee. The pack will include budget v actual performance to date, and budget v forecast for the year, summary by school, reserves position, cash flow for the year, a balance sheet and narrative.

The central team and school business managers where applicable will also provide monthly reports by school for Heads and Chair of LGBs. This report will include budget v actual performance to date, and budget v forecast for the year, reserves and narrative. This should be shared with the LGB (or LGB Finance Committee) at least 4 times each year.

Financial reports should be reliable and relevant to users and produced

- Promptly (in line with reporting timetable)
- Accurately (reconciliations are done)
- Completely (on accruals basis)
- Understandable (jargon free)
- Concise (sufficient but not excessive detail)
- Be supported by narrative.

Financial and HR Key performance indicators will be provided quarterly.

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. Any potential overspends against budget, in the first instance, should be discussed with the CFO.

### 6. RELATED PARTY TRANSACTIONS AND REGISTER OF BUSINESS INTERESTS

The Trust will comply with all statutory and regulatory requirements relating to related party transactions requiring all Members, Trustees, LGBs and the accounting officer to comply with the Seven Principles of Public Life and maintaining professional standards of governance. Registers of pecuniary interest will be maintained for the Trust and each school, and

declarations of conflicts of interest by Trustees/Governors will be sought at all Committee and Board meetings,

A register should contain the following information:

- the name of the relevant member of staff
- the company or organisation the member of staff has an interest in
- what the interest is

This includes all business interests such as

- directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with EPA.
- trusteeships and governorships at other educational institutions and charities; and
- business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, trustee, governor or a member of staff by that person.

Declarations should be made at the beginning of each formal governance meeting with appropriate action taken by the Chair and are recorded in the minutes. It is the responsibility of the Company Secretary, in line with the requirements of the AFH to publish on the Trust website relevant business and pecuniary interests of Members, Trustees, local Governors and accounting officers.

The register of interest should be reviewed by the Head/CEO/Chair of each committee at least annually in line with the year-end audit timetable and when there are any changes in circumstances for the individual.

All relevant business and pecuniary interests of Members, Trustees, local Governors of academies within the EPA and senior employees must be published on EPA's websites.

Sufficient records must be kept to show that these transactions have been conducted in accordance with the standards required.

### **Reporting and approval of related party transactions**

The Trust will monitor all potential related party transactions and report to the ESFA in advance of any related party transactions using the ESFA's related party on-line form.

The Trust must not pay more than 'cost' for goods or services provided to it by a related party (as defined the by ATH 2022). The supplier needs to support this in writing. The contribution to a religious authority such as a diocese for services it receives associated with the Trust's religious character and ethos is regarded as 'at cost'.

The Trust must obtain ESFA's prior approval where the total contract value exceeds £20,000 or where the cumulative value of transactions with the same related party exceeds £20,000 in the same financial year ending 31 August per annum.

For the purpose of reporting to the ESFA this does not include salaries or other payments under a contract of employment.

Some related party transactions may be novel, contentious or repercussive and so require the prior consent of the ESFA on that basis.

### **Nolan's Seven Principles of Public Life**

- a. Selflessness - Holders of public office should act solely in terms of the public interest.
- b. 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.
- c. Objectivity - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- d. 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.
- e. 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.
- f. Honesty - Holders of public office should be truthful.
- g. 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.

## **7. EXTERNAL AUDIT AND INTERNAL SCRUTINY**

### **7.1. EXTERNAL AUDIT**

The Trust is required to prepare end of year statutory accounts for the ESFA and Companies House in line with Charity Commission (SORP 2015) and the ESFA's Accounts Direction. The audited financial statements must be provided to every member of the Trust.

The Trust will receive an external 'end of year audit' of these accounts by external auditors appointed by the Audit and Risk Committee (ARC). The appointment should be for a one-year period renewable at the discretion of the Trust. The audit contract must be in writing and the

letter of engagement must only cover the external audit. The contract will be signed by the CFO and copied to the ARC.

The auditors are required to give an opinion on whether:

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

EPA should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit and Risk Committee. A competitive tendering exercise will be held at least every five years.

External and internal auditors have the authority to access the Trust's premises at reasonable times and to access all assets, records, documents and correspondence relating to the Trust and to receive such explanations as are necessary for any matter under consideration.

The letter of engagement must allow for the removal of the auditors before the expiry of the term of office. Removal will only happen with the agreement of the majority of the Members in exceptional circumstances. The Board must notify the ESFA immediately of the removal or resignation of the auditors and provide a copy of the explanation given.

## 7.2. INTERNAL SCRUTINY

Every academy trust must have in place a process for independent checking of financial controls, systems, transactions and risks as agreed by the ARC.

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

This internal scrutiny programme will be managed through one or more of the following options by suitably qualified and/or experienced people:

- a bought-in internal audit service (but not the external auditor);
- the appointment of a non-employed trustee;
- a peer review by the CFO or other member of the finance team from another academy trust.
- An in-house internal auditor.

The ARC will approve an agreed programme of internal scrutiny and qualified personnel to undertake the work. The main purpose of the internal scrutiny is to provide the Board of

Directors and ARC, through an annual assurance report, with independent assurance of its operations and that:

- financial responsibilities of the Board of Directors are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained; and
- financial considerations are fully considered in reaching decisions.

Schools will be subject to an independent internal audit annually of financial and non-financial controls as per the Academies Trust Handbook. Part of this will be a review of internal controls for payroll and purchasing at each school supplemented by the agreed internal audit work for the year.

A report of the findings from each visit will be presented to the school, the chair of their governing body, the EPA Finance & Resources Committee and to the EPA Audit and risk Committee.

### 7.3.ASSESSMENT OF FINANCIAL RISK

The Trustees recognise that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of the EPA. Therefore, timely and effective monitoring and evaluation of each academy is needed so that that any remedial action is prompt, structured and likely to be successful.

Different academies will be more or less successful in managing their financial systems and procedures as well as in reacting to adversity caused by sudden changes and/or unexpected difficulties. It is the role of the CFO and the EPA FRC to identify what is happening, whether there are remediable issues or not, and what would most effectively improve upon them.

Reductions in autonomy will be situation dependent and decided on the basis of the financial risk assessment by the CFO and the EPA FRC. Any immediate serious concerns will be reported to the CEO, Chair and Finance Chair to agree an action plan.

The assessment is based on

- Internal audit of financial controls
- Level of reserves held
- Financial monitoring
- Management of capital programmes (where relevant); and
- Level of financial experience and skills in the school.

The assessments are green, yellow, orange and red, defined as follows.

- Green rating allows full financial autonomy within the EPA procedures.
- Yellow rating would be an early warning. An action plan would be discussed with the Head where support is provided by the CEO/CFO and central team.
- Orange rating would be reported to the CEO/FRC and monitored. An action plan would be discussed with the Head/LGB. Some financial autonomy may be removed with regards to financial and staffing decisions.
- Red rating would be reported immediately to the CEO/FRC and an immediate action plan put in place. Red ratings would be identified by financial monitoring or a breach in controls. Full autonomy would be removed.

Any reductions in autonomy will be discussed with the Head and LGB. Detailed recommendations to facilitate improvement and to move the academy back to a higher level of autonomy will be agreed by the FRC. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of autonomy would be achieved.

## 8. FINANCIAL CALENDAR

Census related	Finance related
Audit related	Approvals

Date	Description	Explanation
1 September	Beginning of new financial year	
1 September	Closedown of previous financial year begins	Statutory requirement
October	Pupil Count census	Data used for Pupil led funding for the following Financial Year
October/November	External Audit period	Audit of year end closedown and accounts
31 October	Land and Buildings Collection	Submission to ESFA
November	Finance and Resources Committee	Approval of audited accounts
December	Board of Directors	Approval of audited accounts
31 December	Submission of Audited Statutory Accounts and Annual Accounts Return (AAR)	Submission to ESFA
January	Pupil Spring census	Used for Pupil Premium Allocation
March	Finance and Resources Committee	Review of financial performance
Spring	School resource management self-assessment tool	Submission to ESFA
March	Board of Directors	Review of financial performance
31 March	ESFA funding notification	Funding allocation for the following year received from ESFA
30 April	LGPS Annual Return	Pension Fund requirement

May	Pupil Summer Census	
May	Internal Audit	Academy Internal Audits
31 May	Teachers Pensions Return	Teachers pensions EOY certificate to be submitted (audited in September)
31 May	Submission of Audited Statutory Accounts	Deadline for submission to Companies House
June	Finance and Resources Committee	Approval of Budget Plans
June	Academies Finance Handbook Published	
July	Board of Directors	Approval of Budget Plans
31 August	Budget Forecast Return	Submission to ESFA
31 August	End of financial year	

## 9. FINANCIAL STATEMENTS AND YEAR END ACCOUNTING

The financial statements of the Trust will be in accordance with the Accounts Direction which is based on the Charities SORP (Statement of Recommended Practice) 2015 as amended by the Charities SORP (FRS102). The CFO will provide a report on the key changes to the Accounts Direction and the impact on the Trust, to the FRC on an annual basis.

## 10. FINANCIAL AND PAYROLL SYSTEMS

All the financial transactions of EPA must be recorded on the Trust Financial accounts system. Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

### 10.1. SYSTEM ACCESS

The Financial accounts and payroll (FAP) systems are protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to the FAP systems should be restricted and the CFO is responsible for determining the access levels for all Members of staff using the system. All leavers with previous access to the FAP systems must have their access permissions formally removed.

### 10.2. BACK-UP PROCEDURES FOR FINANCE AND PAYROLL

The CFO is responsible for ensuring that there are effective back-up procedures for the FAP systems. Both are operated through the cloud service and there are daily backups to a secure secondary location.

There is a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees of the major risks to which EPA is exposed and the systems that have been put in place to mitigate those risks.

### 10.3. TRANSACTION PROCESSING

All transactions input to the FAP systems must be authorised in accordance with the Trust Finance Policy. All journal entries must be documented. Detailed information on the operation of the Financial accounting system can be found in the user manuals.

### 10.4. TRANSACTIONS REPORTS

The CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include management accounts summarising expenditure and income against budget at budget holder level.

The Academy Finance Manager (AFM) will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- weekly bank statement reconciliations
- monthly procurement card statements
- monthly VAT returns
- monthly aged debtor and creditor reports

### 10.5. RECONCILIATIONS

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

- **Payroll** - The AFM will be responsible for reconciling payroll monthly. Heads will receive payroll reports for review prior to payment.
- **EPA bank balance per the nominal ledger to the EPA bank statement** - the F&P Team will reconcile the EPA main bank balance to the statement. This will be signed off monthly by the AFM and quarterly by the CFO.
- **Direct credit bank balance per the nominal ledger to the school bank statements** - The F&P Team will reconcile the direct credit bank balances. This will be signed off monthly by the AFM.
- **Procurement cards** - monthly statements will be received by the AFA (Finance Assistant) and distributed to each school. All receipts must be produced and reconciled monthly to the monthly statement by the School Administrator and reviewed and signed off by the Head.
- **VAT** – the AFO (Finance Officer) will reconcile the VAT each month.
- **trial balance** – the CFO/AFM will check the trial balance each month as part of the monthly management reporting



- **Supplier statements.** All supplier statements should be checked upon receipt against vendor line items and any anomalies followed up. Supplier statements should be retained at the end of the financial year for audit purposes.
- **Aged debtors list** - The AFM will reconcile the aged debtors list to the sales control account and undertake a monthly review against the aged debtors list. Schools will be notified of any issues identified re unpaid debts.
- **Aged creditors list** - The AFM will reconcile the aged creditors list to the purchasing control account and undertake a monthly review against the aged creditors list. Schools will be notified of any issues identified re credit notes and the prompt payment to suppliers.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO or AFM will review and sign all reconciliations as evidence of a review.

## 11. FIXED ASSETS POLICY

The purpose of the policy is to ensure capital expenditure is procured appropriately and properly accounted for. Details of the Policy can be found in the stand-alone policy.

Each school should maintain a register of assets greater than the deminimis of £2,000. This deminimis will be reviewed annually.

Each school should maintain an inventory of equipment held on the premises.

## 12. FRAUD POLICY AND CYBERCRIME

The Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. It is the responsibility of all staff to recognise potential fraud, as well as preventing and detecting fraud.

A fraud register will be maintained by the CFO and reported to each meeting of the FRC.

Any fraud over £5,000 must be reported to the ESFA.

Trusts must not pay any ransom demand without obtaining permission from the ESFA.

Details of the Policy can be found in the stand-alone policy.

## 13. GIFTS, HOSPITALITY AND ANTI-BRIBERY POLICY

The policy ensures that any gifts are appropriate and the Trust's is managed with integrity. The policy outlines where gifts are acceptable, ways to prevent unacceptable behaviour, and how any breach will be managed.

All gifts to the school either in kind or in money should be recorded in a register. The CFO should be notified of any entries over £20 to the Gifts register.

In line with HMRC guidance small gifts may be made to staff (e.g. to mark a special event) as long as

- It costs £50 or less
- Is not cash or cash voucher; and
- Is not a reward for employee's work or performance.

The detailed Gifts Hospitality and Anti-Bribery Policy can be found in the stand-alone policy.

#### 14. INCOME AND RECHARGING POLICY FOR EXTRA-CURRICULUM ACTIVITIES

The CFO is responsible for ensuring that appropriate procedures are in place to enable the Trust to receive all income to which it is entitled.

The main sources of income for EPA are the grants from the Education Skills and Funding Agency (ESFA). The CFO is responsible for ensuring that all grants due to each School are collected.

The CFO will ensure that all non-grant income

- will be monitored at least monthly to ensure debtor invoices are raised promptly
- VAT is correctly charged and accounted for
- debts are collected promptly; and
- any write offs are authorised in line with the scheme of delegation.

Heads and School Administrators are responsible for monitoring and collecting income directly received by schools. This includes:

- hiring of premises and facilities
- school meal sales
- uniform sales; and
- students, mainly for trip.

Income from external peer review and support services is reported to and collected by the Central finance team.

Charges can also be made to students to defray the costs of certain activities (see Recharging Policy for extra curriculum educational activities).

Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with EPA's recharging policy.

School income for trips and pupil transport is managed through cashless portals e.g. Parentpay, Parentmail. The school will update these records and the central team will update to the finance system and monitor collection of debts.

Some school meal sales are raised by the school but most are collected by the catering provider. The CFO will ensure that responsibility for collecting debts is clarified in the contract.

## 15.INSURANCE ARRANGEMENTS

The Trust shall have in place adequate insurance cover in compliance with its legal obligations, including buildings and contents, business continuity, employers' and public liability, vehicle insurance and other insurance as may be required.

The Trust's insurance arrangements will be reviewed annually by the CFO and reported to the FRC as required.

All contractors must will need a minimum of and to produce evidence of:

- £10 million Compulsory Employers Liability Insurance cover
- £5 million Public Liability insurance cover
- And if appropriate Professional Negligence insurance

before they are allowed to undertake work on the School's premises.

## 16.INVESTMENT POLICY AND TREASURY MANAGEMENT

The purpose of the policy is to ensure effective management of the Trust's funds, giving consideration to the maximisation of interest and other returns against the statutory responsibility of protecting public funding. The CFO will be responsible for implementing the Investment Policy and managing the Trust's cash balances and investments.

- To regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and to meet known commitments over the longer term
- To maintain a working balance to respond to unexpected financial demands on all accounts
- To identify funds surplus to immediate cash requirements and transfer the funds to an appropriate high deposit interest account or money market facilities; and
- To comply with the stand-alone Investment policy.

## **Appointment of bankers and other professional advisors**

The Board is responsible for the appointment of the Trust's bankers on the recommendation from the FRC. The FRC is responsible for authorising the use of any other bank for investment purposes on the recommendation from the CFO.

## **Banking arrangements**

The CFO is responsible, on behalf of the FRC for liaising with the Trust's bankers in relation to the Trust's bank accounts. The AFM is responsible for day-to-day liaising with the Trust's bankers and acting as the primary contact between the Trust's bankers and the Trust and is responsible for ensuring that up to date bank mandates are in place.

Trustees will agree signatories for the bank mandate and any subsequent changes.

All bank accounts shall be in the name of the Trust. All automated BACS transfers on behalf of the academes/trust must be authorised in the appropriate manner as set out in the section on internal delegations (internal controls). The CFO is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **Security of cash**

It is the responsibility of the CFO and the Academy Heads to ensure that any cash held on site is securely stored and in line with the Trust's Insurance policy.

## **17. LEASES**

There are two types of lease, as defined under relevant financial reporting standards.

- Finance leases are a form of borrowing and all the rewards and risks of ownership transfer to the customer.
- Operating leases operate on a rental charge basis, the supplier retains the risk and rewards of ownership and it does not involve borrowing. The Trust does not own the equipment at the end of the agreement.

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

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years; or

- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party.

Other than the above, trusts do not require ESFA's approval for operating leases.

If an academy trust does wish to enter into a lease that requires ESFA consent, then EPA will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the ESFA is required.

All contracts/agreements must be signed by the Head and CFO so that the nature of the lease can be checked, the costs of the lease, the minimum lease period, the arrangements at the end of the lease term, the maintenance, servicing, insurance and upgrade options.

The threshold for authorisation is in line with the stand-alone Procurement Policy and must take into account the total cost of ownership over the whole of the lease term.

Where there is any doubt as to whether or not any particular lease does or does not involve an element of borrowing the CFO should resolve the issue by contacting their professional financial adviser and/or external auditor.

Leases should be disclosed in trusts' annual accounts in accordance with the Academies Accounts Direction.

## 18. LETTINGS POLICY

The Trust maintains a Lettings policy relating to the Hire of Trust facilities.

Premises hire charges are determined by the Letting Policy as agreed for each school premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Head or the CFO.

Bookings for lettings are made through the School Administrator. The School Administrator produces a list of hirers for invoices to be prepared and sent to the AFA with a booking form.

People hiring the School's premises and using facilities should either be covered by the School's insurance at an additional cost, or must produce valid public liability insurance with indemnity up to £5,000,000.

## 19. PAY POLICY AND PAYROLL

### 19.1. PAY POLICY

The Trust maintains a separate Pay policy for Trust staff. This policy is reviewed annually by the CEO/CFO with support from Corporate HR. Consultation with staff and Trade Union bodies

takes places and it is approved by the Board of Directors. All staff are then notified. The CEO is responsible for ensuring that EPA's pay policy is implemented.

The Trust will comply with the requirements for setting executive pay as contained in the most recent version of the AFH which sets out a detailed list of requirements for Trustees to ensure its decisions on salary and other benefits follow a robust evidence-based process and are reasonable and defensible reflection of the individual's role and responsibilities.

Following the publication of the annual accounts, the Trust will publish on its website the number of employees whose benefits (including salary and taxable benefits but not pension costs) exceed £100k, in £10k bandings.

## 19.2. STAFF APPOINTMENTS

Trustees have the authority to appoint the CEO in consultation with the Diocesan Director of Education. The appointment of a CEO and the CFO must be approved by the Trustees.

In line with the EPA Scheme of delegation the decision to appoint the Head at each academy is the responsibility of Trustees, delegated to the CEO. For the Church of England Academies, Trustees can only do so with the agreement of the Diocesan Director of Education. The selection panel must include at least three people, one of which is the CEO.

An approved personnel establishment for each school is approved as part of the budget process. Appointments should be approved by the CEO and CFO before advertising the post to ensure consistency across the MAT or a material change in hours (equivalent to more than £5,000 in primary or £25,000 in secondary school). All personnel changes must be notified to the Academy HR Officer immediately.

The CEO is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and the local school Safer Recruitment Officer will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

Each School maintains personal files for all members of staff which include signed contracts of employment. Personal information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the SIMS or RM Integris computer systems, for which relevant registration under the 2018 Data Protection Act is held. The Academy HR Manager will review local school personnel records on a regular basis and at least once a year to ensure they are up to date.

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

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

### 19.3. PAYROLL ADMINISTRATION

All amendments to payroll data, e.g. appointments, resignations and variations to contract must be entered on the correct EPA template and authorised by the Head at each school within the EPA. The Academy Payroll Officer (APO) is responsible for inputting new starters, leavers and contract changes on the payroll system.

The APO is responsible for producing staff contracts of employment and a copy of the contract signed by the employee should be held securely in the employee's staff file (in school or in EPA office for central staff).

All supply teacher, casual working and overtime claims, with a summary of claims must be checked and confirmed by a budget holder and must be forwarded within published deadlines for authorisation to the APO. The APO will be responsible for inputting school's claims into the payroll system. These are then approved by the AHRO.

The payroll team will issue a calendar annually with deadlines for any changes to payroll.

The CFO with the AHRO will then arrange a check of a sample of contract changes as part of the internal independent checking procedures to ensure that the payroll system is functioning correctly.

### 19.4. PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts on the last working day of the month.

Once all the changes to payroll are approved the APO will reconcile and annotate the 'comparison with previous month' report to explain any variances. Any variations should be investigated and queries dealt with promptly.

The AHRO will review the report and 'lock' each individual/school after checking and run payroll reports including starters, leavers, claims, expenses, gross and net pay report, payroll summary.

These reports will be available for Heads to check prior to payment.

The CFO will check the above reports and check any negative tax and negative net pay and press 'pay now' after satisfactory checks have been made.

The payroll provider is responsible for third party reports and payments (i.e. NI, tax, pensions, levy, attachment of earnings, orders etc.).

Once the payroll has been run, the pay journal is available for input to the finance system.

#### 19.5. TRAVEL, SUBSISTENCE AND EXPENSES POLICY

Where possible all expenditure should be invoiced and paid through the purchase ledger. Details of where a member of staff or governor can claim expenses can be found in the Travel, Subsistence and Expenses Policy.

If this is not possible business expenses claims should be paid through payroll (and must be through payroll if they relate to a benefit in kind payment). If the funds are significant or are needed early these can exceptionally be paid directly by BACS. All claims need to be authorised by the Head (for staff in primary schools), by the Cost Centre budget holder (for staff in secondary schools and the EPA) and by the Chair of Governors for Head/CEO. Valid receipts must be held and retained in support of any reimbursements. After authorisation these claims should be sent to the APO (for payroll) or AFA (for BACS) for processing.

Mileage claims follow the same procedure and must be processed via payroll for tax reasons. Valid receipts to support the mileage claimed should be obtained. The EPA maintains its rate of reimbursement for mileage claims at the Oxfordshire County Council HMRC Approved Rates.

The school Administrative Officer will complete a summary expense claims form to ensure all claims are received and processed. In order to ensure budgets can be properly monitored, all claims must be sent within 2 months of the transaction.

The AFM will ensure VAT is claimed on expenses where appropriate.

#### 19.6. SEVERANCE PAYMENTS

Prior to making a staff severance payment above the contractual entitlement the following issues must be considered by the Pay and Remuneration Committee:

- that the proposed payment to be in the interests of EPA
- whether such a payment is justified, based on a legal assessment of the chances of the Trustees successfully defending the case at an employment tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement



- if the settlement is justified, the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances

Special severance payments should not be made where they could be seen as a reward for failure, such as 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.

If EPA is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

In September 2022 the Academy Trust Handbook Clarified that prior approval of staff severance payments from the ESFA applies only to special (non-statutory/non-contractual) payments above the contractual entitlement of £50,000.

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

- statutory/contractual payment of £30k + non statutory/non contractual payment £30k = ESFA approval not required
- statutory/contractual payment of £60k + non statutory/non contractual payment £30k = ESFA approval not required
- statutory/contractual payment of £30k + non statutory/non contractual payment £50k = ESFA approval required for £50k enhancement only

Additionally prior approval is needed where

- an exit package which includes a special severance payment is at, or above £100,00
- the employee earns over £150,000 or
- Any ex-gratia payment.

## 20. PAYMENTS AND INVOICES

### 20.1. AUTHORISATION OF INVOICES

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by EPA Finance Policy Sept 2023

separate individuals where possible. An invoice certification stamp is to be used to provide evidence that the following checks have been carried out:

- The Head or approved budget holder will authorise the invoice for payment by signing the invoice where it has been stamped
- All invoices should then be sent to the AFA to be checked against the financial account system's numbered purchase order (or equivalent) and the delivery note to evidence the following:
  - invoice arithmetically correct
  - goods/services received
  - goods/services as ordered
  - prices correct
  - that the invoice is not a duplicate and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the AFA or Head
- Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the supplier be notified. The school will keep a central record of all goods returned to suppliers
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.

## 20.2. THRESHOLDS FOR PAYMENT OF INVOICES

The thresholds for purchase invoice payments are as follows.

<b>Threshold for invoices</b>	<b>Primary schools</b>	<b>Secondary/ All through schools</b>	<b>Central team</b>
<b>Where a contract has been approved</b>			
Up to £75k	Heads	Heads	CEO
Over £75k	Chair of Board of Directors	Chair of Board of Directors	Chair of Board of Directors
<b>Threshold for invoices</b>	<b>Primary schools</b>	<b>Secondary/ All through schools</b>	<b>Central team</b>
<b>Where a contract has not been approved</b>			
Under £5,000	Heads	Heads	CEO
Over £5k under £25k.	Heads	Heads	CEO
Over £25k under £50k	Chair of LGB	Heads	CEO
Over £50k under £75k	Chair of FRC	Chair of LGB	Chair of FRC

Over £75k	Chair of Board of Directors
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Any subsequent changes to vendor's details must be confirmed by checking directly with the vendor using the original notified contact points.

### 20.3. TYPES OF PAYMENT OF INVOICES

Payments of invoices will be made by BACS (Bankers Automated Clearing Services) and paid centrally by the central team.

Exceptionally a cheque will be used. This must bear the signatures of two authorised signatories in line with the bank mandate.

### 20.4. CREATING NEW VENDORS

All requests for new vendors must be sent from a valid school email address to the AFA. The request must be accompanied by the vendor's bank details on the vendor's invoice. If this is not available then confirmation must be received on the vendor's headed paper and signed on behalf of the vendor.

All changes must then be verified by the AFA by contacting the supplier with contact details obtained from an independent source or calling a known person of authority at the supplier.

Any changes must be checked and verified by the AFO or AFA before amending the supplier details on the financial accounting system.

## 21. PURCHASING AND PROCUREMENT

The Trust shall maintain a policy of achieving value for money for all goods and services purchased.

Value for Money will be applied using the following principles:

- Challenging how a service or supply is provided and why it is required
- Benchmarking performance with other organisations
- Consulting with relevant stakeholders; and
- Competing as a means of securing efficient and effective services and supplies.

### 21.1. ROUTINE PURCHASING AND PURCHASE ORDERS

Budget holders will be informed of the budget available to them as soon as the budget is approved.

- Orders should only be approved in accordance with the authorised limits below or within the limits in Appendix B.

- Orders may only be used for goods and services provided to EPA. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials and services net of VAT.
- It is possible for schools to place orders on behalf of the PTA, and then get refunded by the PTA.
- For most orders, a requisition should be prepared on approved order forms or within the finance system, authorised by the Budget holder and sent to the Facilities Manager (AFacM).
- The AFacM enters purchase orders onto the finance system, a purchase order is generated and sent to the supplier.
- For non-routine purchases, orders may be placed using the Amazon business account. Workflow approvals have been set up so that all orders are approved by budget holders and then the AFacM before the order is placed.
- In exceptional and agreed circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders should be emailed to suppliers.
- A list of goods that can be purchased without a purchase order can be found at Appendix C.
- Orders should always include the EPA's terms & conditions which protects the EPA against supplier's terms and conditions in the absence of quoted terms & conditions.
- Orders should not be entered into verbally. Exceptions need to be agreed in advance with the CFO e.g. for online purchasing portals.

The budget holder must make appropriate arrangements for the delivery of goods and services to the school. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the budget holder should notify the supplier and a record of all goods returned to suppliers.

## 21.2. PROCUREMENT POLICY AND PURCHASING THRESHOLDS

EPA is committed the highest standards of integrity, probity and openness in its procurement and purchasing. Details of the EPA policy can be found in the stand-alone Procurement policy.

The EPA has negotiated contracts for key supplies. Where there is an EPA contract, this should be used by all schools as advised. Examples include grounds maintenance, insurance.

Where negotiated contracts do not exist, the central Facilities team can support schools in their purchasing.

**The thresholds for purchase orders and /or contract approval are as follows.**

<b>Threshold for purchase orders / contract approval</b>	<b>Primary schools</b>	<b>Secondary/ All through schools</b>	<b>Central team</b>
Under £5,000	Heads	Heads	CEO
Over £5k under £25k.	Heads	Heads	CEO
Over £25k under £50k	LGB approval	Heads	CEO
Over £50k under £75k	LGB & FRC approval	LGB & FRC approval	FRC approval
Over £75k	Tender and EPA FRC approval		

For any purchase which requires a contract, the contract must be signed by the Head and the CFO. For contracts over £100,000 these must be signed by the Chair of the Board of Directors and CFO/Company secretary.

Any agreement which commits the academy or the EPA to financial commitments which exceed 12 months (e.g. lease) and/or has a non-financial commitments (e.g. joint use agreement) must be signed by the Head and the CFO.

### **Trust approved purchasing thresholds**

Schools shall keep records of all purchases made included quotations received but not accepted.

<b>Purchasing Threshold</b>	<b>Value (excl VAT)</b>	<b>Quotes and Tenders</b>
Low	£0 - £9,999	Evidence of Price Approved supplier
Medium	£10,000 - £49,999	
High	£50,000 +	Written Tenders from at least 3 suppliers, (where practicable) one of which must be through a recognised school framework agreement.
Property improvements	Any	Written quotes from at least 3 suppliers or tender from at least 3 suppliers if over £10k

## **22. PURCHASING CARDS**

Purchasing cards are held by named cardholders in each school as approved by the Board of Directors (See Appendix B).

Any cards held by anyone other than the CEO, Head or the Finance Team will be linked to a specific cost centre and should only be used to purchase goods from that cost centre.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and the cost centre manager are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card.

All receipts must be produced and reconciled monthly to the monthly statement by the cardholder. Monthly statements will be received by the AFA and distributed to each school/cost centre.

All procurement card expenses incurred by primary schools should be signed off by the Head unless the expenditure includes business expenses and then should be authorised by their Chair of Governors.

All purchasing card expenses incurred by budget holders in secondary schools should be signed off by the Head unless the expenditure includes the Head's business expenses and then should be authorised by their Chair of Governors. All procurement card expenses incurred by the CEO should be authorised by the Chair of Trustees.

The AFM checks each school's monthly charge card reconciliations to ensure that the business charge card system is operating correctly.

Purchasing/credit cards are the only form of borrowing allowed without permission of the ESFA, can only be used for business expenditure and must be cleared before interest accrues.

### 23. RESERVES POLICY

The purpose of the policy is to consider the maintenance of a minimum working reserves in order to minimize any financial risks facing the Trust, such as delays between spending and receipt of grants, emergencies and unanticipated events.

The reserves target is set each year. For 22-23 the reserves target was 0.5 month's of GAG income for each school.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that if any school in EPA has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

Details can be found in the stand-alone Reserves policy.

### 24. RISK MANAGEMENT

Risk management is the process whereby the Trust methodically addresses the risks related to its objectives and associated activities to ensure those objectives are met in the most effective and safe way. Trustees oversee the strategic risk register at the Board and

subcommittee meetings, based on the feedback from the Executive Team, Trustees and LGBs. The risk register will be used to inform the Trust's programme of internal scrutiny.

Overall responsibility for risk management, including ultimate oversight of the risk register, must be retained by the Board of Directors, drawing on advice provided to it by the ARC. Aside from any review by individual committees, the Board of Directors itself must review the risk register at least annually although in practice does this on a more frequent basis. Review of the register is a standing item at FRC and Audit committee meetings.

Risk management will cover the full operations and activities of the trust, contingency and business continuity planning and not only financial risks.

## 25. SECURITY OF ASSETS AND DATA

### 25.1. SECURITY OF ASSETS

The Head and LGB is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

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

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Head immediately.

Schools are working towards being cashless and most payments are through Parentpay/Parentmail. Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £5,000, and £500 for a locked cabinet, unless a higher limit is specifically agreed with insurance.

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

Items of School property must not be removed from trust premises without the authority of the Head of Department or Head. A record of the loan must be recorded and the asset booked back in when it is returned.

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

## 25.2. SECURITY OF DATA

Steps must be taken by the Head to ensure that there are effective back up procedures for all computer systems. All back up media should be securely retained in a fireproof safe or remote location, with at least one media held securely off-site or in the cloud with suitable back up arrangements. Recommendations for backup procedures should be regularly checked with the school IT team or support provider.

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

The CFO will register the EPA with the Information Commissioner, and the DPO will ensure compliance with all regulations relating to by the Data Protection Act 2018 GDPR. As at September 2021, the AO is also the DPO.

## 26. VAT AND OTHER TAXES

The Trust is VAT registered (VAT number 130 8330 49). It is the responsibility of the AFO to submit the monthly VAT return. The Trust can reclaim all its net VAT paid. The decision to de-register rests with the FRC.

The Trust does not pay Corporation Tax but may be required to submit a Corporation Tax return. The CFO will submit this return if required.

It is the responsibility of the Trust's payroll providers to pay Income Tax and National insurance as agents on behalf of the Trust.

## 27. WHISTLEBLOWING POLICY / RAISING CONCERNS AT WORK

The Trust has a Whistleblowing policy for concerns of a financial nature and makes staff aware of the policy and where to find it as part of their induction.

## 28. WRITE OFF OF DEBTS AND ENTERING INTO LIABILITIES

The Trust may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000 as follows:

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



- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years

EPA will always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. EPA will only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

The amounts for write-off limits are gross, before any successful claims from an insurer.

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

The trust must obtain ESFA prior approval before entering into indemnities which are not in the normal course of business and before entering into letters of comfort or guarantees. A trust should seek legal advice if a contractual indemnity might be outside the normal course of business. Before then going ahead the trust should secure value for money by appraising the proposal through assessment of the costs and benefits of relevant options.

Any internal write offs must be approved by the FRC.

## 29. OTHER MATTERS

### **Services provided by sponsors and sponsor-related bodies**

EPA must ensure that any contracts for services provided to EPA are properly procured and present value for money. EPA must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

### **Irregular or improper transactions**

Situations may arise where it may appear to EPA to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances EPA must seek prior, written permission from the ESFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

### **Top Slice and Pooling of GAG by Multi-Academy Trusts**

The Trustees have the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the MAT in accordance with the guidelines that govern the use of GAG funding.

If a trust decides to pool GAG it must have due regard to the funding needs and allocations of each individual academy and they must have an appeals mechanism in place. If an individual academy's Head feels that the academy has been unfairly treated in relation to pooling arrangements, they should first appeal to EPA. If the Head's grievance is not resolved, they may then appeal to the Secretary of State for Education via the ESFA, whose decision will be final and who may dis-apply the provisions for pooling in this Handbook in relation to EPA.

The EPA has decided not to pool GAG. Each school will contribute 5% of General Annual Grant (GAG) funding (excluding Early Years' funding). This may be reviewed and the Board of Directors will approve any change to the % contribution or a change to pooling as part of the budgeting process.

# APPENDICES

## APPENDIX A: GLOSSARY OF TERMS

AFA	Academy Financial Assistant (in EPA Central Team)
AFacM	Academy Facilities Manager (in EPA Central Team)
AFM	Academy Financial Manager (in EPA Central Team)
AFO	Academy Financial Officer (in EPA Central Team)
AHRM	Academy HR Manager (in EPA Central Team)
AHRO	Academy HR Officer (in EPA Central Team)
APO	Academy Payroll Officer (in EPA Central Team)
Audit and Risk Committee (ARC)	A subcommittee of the Board of Directors to oversee processes for independent checking of financial controls, systems, transactions and risks.
BoD	Board of Directors (the Board that oversees the MAT)
CEO	Chief Executive Officer (also the Accounting Officer for the EPA)
CFO	Chief Financial Officer (in EPA Central Team)
Directors	People that sit on the Board of Directors and have legal responsibility for the MAT
ESFA	Educational Skills and Funding Agency (funds and sets financial rules for academies)
EPA	Eynsham Partnership Academy (the legal entity that consists of the seven schools and the central team)
EPA Finance & Resources Committee (FRC)	A subcommittee of the Board of Directors to agree the EPA budget, monitor financial reporting across the MAT and authorise expenditure within limits and other financial duties in the Terms of Reference.
GAG	General Annual Grant – the main source of government income for schools.

HMRC	Her Majesty's Revenue and Customs. Taxes and National insurance are paid or collected from HMRC.
Local Governing Body (LGB)	Each School has a separate committee to oversee School activities, performance and finances.
LGB Finance & Resources Committee	A subcommittee of the LGB to agree the School EPA budget, monitor financial reporting for the School and authorise expenditure within limits and other financial duties in the Terms of Reference
MAT	Multi-Academy trust (a group of single academy trusts, which legally form one entity)
Members	The members have oversight of the MAT; they appoint Directors and approve any changes to the Constitution.
Strategic Development Plan	The SDP is a summary of the future aims and objectives of the MAT.
Trustees	Term used interchangeably with Directors
Virement	The action to vary/transfer a budget between budget lines (within certain parameters)

## APPENDIX B: FINANCIAL AUTHORISATION LIMITS

### **Procurement Process**

Three Quotes	£10,000
Tendering	£75,000

### **Exemptions where three quotes or tender can be waived with reason**

CEO and CFO	£10,000-£49,999
Finance and Resources Committee	£50,000-£100,000
Board of Directors	over £100,000

### **Authorisation of contracts/orders**

Heads (Primary)	£25,000
Chair of LGB (Primary), Heads (Secondary/All through), CEO	£50,000
Chair of LGB (Secondary/All through), Chair of EPA FRC	£75,000
Chair of EPA	over £75,000

### **Signing contracts**

Head and either Company Secretary/CFO or Accounting Officer	£75,000
Chair and either Company Secretary/CFO or Accounting Officer	over £75,000

### **Authorisation of invoices**

#### **Where a contract has been approved**

Heads/CEO	£75,000
Chair of EPA	over £75,000

#### **Where there is no contract**

Heads (Primary)	£25,000
Chair of LGB (Primary), Heads (Secondary/All through), CEO	£50,000
Chair of LGB (Secondary/All through), Chair of EPA FRC	£75,000
Chair of EPA	over £75,000

**Bank mandate (excluding monthly salaries and third party salary payments)**

Any 2 bank signatories from CFO, DSI, CEO, Chair of EPA, Chair of EPA FRC, EPA Finance Manager, Heyford Business Manager £10,000

Any 2 bank signatories from CFO, DSI, CEO, Chair of EPA, Chair of EPA FRC over £10,000

Monthly salary payments to staff and third parties outsourced to Edupay

**Business Charge Card Limits**

Head (Secondary) £5,000

Heads (Primary Schools) £1,000

EPA Finance Manager £5,000

EPA Facilities Manager £5,000

EPA Finance Assistant £5,000

Site Development Officer (Bartholomew/Heyford Park) £5,000

School Business Managers (secondary/all-through) £5,000

School Manager (primary schools) £1,000

Heads' PA (Bartholomew) £1,000

School Administrator - Tuck shop (Stanton Harcourt / Standlake) £200

School Science Technician (Heyford Park) £100

**Virement Limits**

Head (Secondary/All through) £25,000

Head (Primary Schools) £10,000

# APPENDIX C: USE OF PURCHASE ORDERS

## PURCHASE ORDER VERSUS NON ORDER

When to use a PO	When it is OK not to use a PO	Other
School Supplies  Capital  Catering - Non emergency equipment  Cleaning materials  Staff training courses (when paying by invoice, rather than online)	Emergency Repairs & Maintenance  Annual Maintenance Contracts  Agency Staff  Utilities  Annual Subscriptions  Trips  Catering - food costs  Catering - Emergency Equip	Amazon - separate order process  Online Card Orders