



Symphony Learning
TRUST

Finance Policy incorporating Procurement Depreciation Fraud Debtors Policies

2022-2023

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Introduction

The purpose of this Policy is to ensure that Symphony Learning Trust, and each of its constituent academies, maintains and develops systems of financial control which conform to the requirements both of propriety and or 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).

As a public body, the Academy Trust must ensure regularity, propriety and value for money in their management of public funds. The Trust, and each of its academy members, must therefore comply with the principles of financial control outlined in the Academies Financial Handbook, published by the DfE. This policy expands on that and provides detailed information on the accounting procedures and systems in place across the Academy Trust.

Throughout this document, unless indicated otherwise, all references to 'Head Teacher' include the Executive Head Teacher and the Head of School. Duties / levels of authority that have been assigned to the Head Teacher may also be carried out by the Deputy Head Teacher in cases where they are deputising.

This policy should be read and adhered to by all staff, governors and trustees involved with financial systems.

The Finance Policy must be read in conjunction with the annual Academies Trust Handbook and Academies Accounts Direction (Accounts are prepared on this basis) that is released by the ESFA annually.

Organisational Structure, Roles and Responsibilities

Organisational Structure

Symphony Learning Trust is the statutory body for all of its member academies; as such the Academy Trust Board is responsible for the standards and operation of all academies in the Trust.

The Academy Trust Board has established a Local Governing Body in each academy, with agreed delegation arrangements. Full details can be viewed in the separate document: Scheme of Delegations.

Members of the Trust

The Members are responsible for the:

- Appointment of the company external auditors;
- Approval of the audited financial statements prior to submission to the Secretary of State by 31 December and, if necessary;
- Appointment of the Directors of the Academy Trust.

Academy Trust Board Responsibilities

Academy Trusts are companies limited by guarantee and exempt charities. The board of trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. The board of Trustees must therefore also be aware of the Charity Commission's guidance for trustees "CC3: The Essential Trustee: What you Need to Know, What you Need to Do".

Trustees have financial responsibility for schools and Trusts finances. The Trust will review and approve the top slice/centralised income and associated expenditure.

The Trust Finance, Audit & Risk Committee

This committee exercises the powers and duties of the Trust Board in respect of the financial administration of the Academies, except for those items specifically reserved for the Trust Board and those delegated to the Local Governing Bodies (LGB), Academy Headteachers, Executive Headteachers, CFO and other staff. The Finance, Audit & Risk Committee should meet a minimum of each term; more frequent meetings can be arranged if necessary.

Trustees have a lead Finance and Health & Safety nominated Trustee.

Responsibilities of the Academy Trust's Accounting Officer

The Chief Executive Officer of the Trust shall be the designated Accounting Officer for the Academy Trust and, as such, shall be responsible to Parliament and to the Accounting Officer of the Education and Skills Funding Agency (ESFA) for the resources under the Trust's control.

The Accounting Officer must have appropriate oversight of financial transactions, including:

- Ensuring that the relevant Academy financial regulations and/or DfE and ESFA requirements are implemented across the Trust;
- Establishing sound internal financial controls which are managed on a daily basis by the Head Teacher / Head of School and the Finance Officer of each academy;
- Ensuring the effective implementation of current financial systems and procedures described in the Financial Management Handbook (even in the absence of key staff);
- Checking that the funds delegated by the DfE / ESFA / LA are correct;
- Producing regular reconciled budget / financial reports for the Academy Trust Board and DfE as appropriate;
- Ensuring that all of the Academy Trust's property and assets are under the control of the trustees, and that measures are in place to prevent losses or misuse, including maintenance of fixed asset registers and inventories;
- Ensuring full and accurate accounting records are maintained to support the annual accounts;
- Signing, with the Chair of the Academy Trust Board, the approved budget and annual accounts, ensuring they are properly presented and causing records to be maintained relating to the accounts;
- Authorising contracts and orders in accordance with the provisions of the Scheme of Delegations;
- Signing cheques in conjunction with other authorised signatories.

The Accounting Officer must also notify the Academy Trust Board in writing if, at any time, they consider that:

- Any action or policy under consideration is incompatible with the terms of the Academies Financial Handbook of the Funding Agreement; or
- The Academy Trust Board appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook or the Funding Agreement.

Chief Finance Officer Responsibilities

The Chief Finance Officer (CFO) works in close collaboration with the Accounting Officer through whom they will be responsible to the Academy Trust Board. Working with Accountants, SSBM, central and schools Finance Team to ensure that accounting transactions follow the required procedures and allow for the consolidation of accounts throughout the year and at year-end.

The CFO ensures that within the team a high level of familiarity with both the accounting requirements of the Companies Act 2005 and the Charity Commission Statement of Recommended Accounting Practice (SORP) are in place.

The CFO is responsible for the production of annual accounts and preparation of all returns to the DfE/ESFA along with responsibility for compliance with all statutory returns, including tax and PAYE (this is currently delegated to the external payroll provider).

The CFO main responsibilities include:

- Ensuring submission of the audit and regulatory returns as published by the ESFA audit timetable;
- Review income and expenditure reports, highlighting actual or potential overspending to the Board, and the Finance & Audit Committee via the CFO Briefing Document;
- Overseeing the day-to-day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors;
- Approving the budget assumptions and determining the budgetary forecasting cycle;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- Overseeing the preparation of monthly management accounts;
- Authorising orders, CIF and S106 projects by checking against the funding agreement;
- Cash flow reports are prepared and presented on a monthly basis;
- Authorising expenditure within the limits outlined in the Scheme of Delegation and/or detailed in the budget authority levels;
- Verification of BACS payments in conjunction with another electronic signatory;
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance;
- Carrying out recommendations raised by auditors and internal auditors.

Trust Finance & Operations Lead Responsibilities

The Trust Finance & Operations Lead reports to the CFO and undertakes the day-to-day finances of the Trust Central function, which will include the processing of transactions and

payments and other support as required by the Business Managers, Finance Staff and the Executive Team within the Trust.

Roles and Responsibilities

- Ensuring efficient processing of the central Trust financial transactions in accordance with Trust finance policies and procedures;
- Support to anticipate future financial needs of the Trust and works with the CFO to address these needs;
- Support and assist the CFO in production of the initial and revised budgets for the central accounts;
- Production of financial reports for the Monthly Management Account meetings as required for the CFO, Trustees and Governors;
- Preparation of the working papers as required by the auditors for the interim and year end audits, liaising with the appointed auditors as necessary;
- Act as a point of contact and provide financial support to the finance staff within the academies to ensure efficient processing of financial transactions in accordance with the Trust Finance policy;
- Regularly reviewing account balances, promptly investigating and resolving any issues;
- Processing the whole Trust payroll reports and balancing payroll control, including the movement of funds between schools and trust bank accounts;
- Collation and completion of the Trust monthly VAT submission, including processing of receipts and reimbursements to schools;
- Process the month end procedures on behalf of all schools;
- Ensuring all schools prepare and process the necessary financial transactions for the year-end processes;
- Managing the day-to-day administration of the finance system for all users.

Governor's Responsibilities

The main financial responsibilities of the Local Governing Body of each academy are:

- To set and review the terms of reference for LGB/sub-committees (LGBs may choose to operate without sub-committees), including any delegations of financial responsibilities to the Finance Committee and/or others within the academy. These shall then be appended to this policy;
- The Chair and Finance lead presented with the budget monitoring reports monthly;
- LGBS have oversight of the school's cash flow and ensure ongoing liabilities can be met;
- LGBS review financial budget monitoring and relevant documentation to ensure there is a clear understanding of the school's financial position;
- Where available also, review the debtor, creditor reports and balance sheet;
- Regular monitoring of the academy's actual income and expenditure against budget;
- Monitoring of contracts for goods/services;
- Ensuring compliance with standards, policies and schemes of delegation;
- Ensuring relevant reports are prepared for the Academy Trust Board in a timely manner;
- Detailed monitoring of expenditure, virements, income and cash flow;
- Authorising the award of contracts within limits as delegated by the Academy Trust Board (see Appendix A: Limits of Financial Delegation);
- Authorising changes to the academy personnel establishment;

- Reviewing the reports of the Internal Auditor on the effectiveness of, and any risks to, the financial procedures and controls and agreeing a programme of work that will address any issues identified, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. These reports must be shared with the full LGB (where responsibility has been delegated to a sub-committee) and with the Board of Trustees where any issues identified may also apply to other schools within The Trust.

Terms of Reference for Trustees & Local Governing Bodies can be found in Appendix B and Trust and School websites respectively.

The Local Governing Body may elect to delegate many financial responsibilities to a Finance Sub-Committee, or similar and have a Governor that has a lead finance responsibility. Such a decision and the levels of local delegated authority should be documented in the terms of reference for the relevant sub-committee.

Head Teacher / Head of School Responsibilities

Within the framework of the School Development Plan, the Head Teacher / Head of School has responsibility for their academy's activities, including financial activities such as:

- Ensuring the efficient, economical and effective management of resources and expenditure, including funds, capital assets, equipment and staff to achieve the academy's aims and objectives;
- The overall organisation, management and staffing of the academy, ensuring that any changes to staffing structure are approved by the Local Governing Body;
- Leading and managing the creation and subsequent monitoring of a strategic plan (the School Development Plan) underpinned by sound resource planning which identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teacher effectiveness and securing school improvement;
- To have input into the overall strategic direction of the school to support further development of the MAT;
- Setting appropriate priorities for expenditure, including budget setting/allocation of funds;
- Procedures in financial and other matters, including conduct and discipline;
- Ensuring value for money;
- Ensuring the maintenance of sound financial controls;
- Signing, with the Local Chair of Governors, the approved budget and annual accounts information;
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Academy Trust Board have determined should be approved by them;
- Consider and respond promptly to recommendations in school audit/inspection reports, and advise governors of results and any remedial action to be implemented;
- Authorising contracts and orders in accordance with the provisions of the Scheme of Delegations;
- Signing cheques in conjunction with other authorised signatories.

School Business Managers/Finance Officer Responsibilities

Each academy shall identify a member of staff who shall be designated as Finance Officer for the academy. This will normally be their School Business Manager or Bursar. Whilst the Finance Officer and SBM reports to the schools' leadership team, they have a reporting line to the CFO to ensure they meet the regulatory requirements and deadlines.

The main responsibilities of the Finance Officer are:

- Managing day-to-day financial issues, including the establishment and operation of a suitable accounting system;
- Managing the academy financial position within the framework for financial control determined by the Academy Trust Board and Local Governing Body;
- Maintaining effective systems of internal control;
- Ensuring that information is available to support the preparation and presentation of the annual accounts;
- Liaising with the CFO and auditors/accountants on academy level matters;
- Providing assistance and information as necessary to assist the Chief Finance Officer and Local Governing Body in the satisfactory completion of their financial duties.
- Ensuring forms and returns for the Academy are sent to the DfE in a timely manner.

Budget Holder Responsibilities

Budget holders are required to comply with all relevant sections of this manual and to exercise responsibility for routine control and monitoring of their budget expenditure.

All employees who have budgetary control in any form are required to sign a Financial Competency Form (Appendix C) and the Finance Officer will ensure this is actioned when the budget is agreed or updated throughout the year.

Other Staff

All staff are responsible for:

- The security of academy property;
- Avoiding loss or damage;
- Ensuring economy and efficiency in the use of resources; and
- Conforming to the requirements of the Academy's financial procedures.

Finance Officers, Budget Holders and Other Staff should refer to the SLT Standardised Ledger Codes, which provides an explanation as to which Ledger Codes should be used, standardised definitions for accruals, prepayments and how to process journals.

Internal Scrutiny/Audit

The Academy Trust Board has responsibility for appointing internal auditors to undertake internal scrutiny, with approval by the Trustees Finance and Audit Committee. Internal scrutiny now covers both financial and non- financial controls and Symphony can now use additional individuals or organisations to support internal scrutiny where specialist non-financial knowledge is required. This will provide either/or financial or non-financial oversight of each academies controls and report findings as laid down by the Trust Board.

A report of the findings from each visit will be presented to the Local Governing Body (via their Finance Committee if delegated) and shared with the Board of Trustees as appropriate.

The Trustees have appointed TIAA for Internal Scrutiny and the Trustees Finance and Audit Committee will agree which financial and non-financial controls will be assessed as part of the annual process and/or bi-annual basis.

External Auditor

The Trust must maintain adequate accounting records and prepare annual accounts. Annual accounts must be audited, by an appointed external auditor and the accounting period ends 31st August PA.

The preparation of the annual audit is governed by The Academies Account Direction, which is produced annually by the ESFA.

Business Integrity

Pecuniary / Business Interests

All Trustees, Governors and Staff with significant spending powers must declare any pecuniary interests at all times, and should enter any on-going interests that may raise a conflict of loyalty in a Register of Interests kept in the relevant academy. This register should be regularly drawn to Governors' attention, at least once a year, and amended as needed.

The existence of a Register of Interests does not detract from the duties of individuals to declare interests whenever they are relevant to matters being discussed. Where an interest has been declared the individual should not attend that part of any committee or other meeting.

An example of the Trust's Pecuniary Interests Form can be found in [Appendix D](#).

Segregation of Duties

The size and staffing arrangements of each school will affect the segregation of duties. However, as a minimum, one person should process and record various functions and another person must authorise the process. Where authorisation is by 2 people, at least one of those persons must not have been involved in processing/recording any functions.

If possible, duties should be segregated between more than 2 people.

Internal Control

Internal delegation within each school, subject to the limits of authority to incur expenditure (as detailed in [Appendix A](#)), will be as follows:

Expenses forms, absence requests and Head Teacher
other salaries documentation

Orders	Head Teacher, Deputy Head Teacher, Assistant Head Teacher, School Business Manager
BACS authorisation	Head Teacher, Chair of Governors, up to 2 others as determined by the Local Governing Body
Cheque signatories	CEO and Trustees as identified on the current central bank mandate
	For further details see the Expenditure section of this document.

Information Management Systems

All schools within the Symphony Learning Trust will use the same Integrated Information Management Systems for financial processing and maintaining pupil and staff records (currently SIMS Finance and SIMS Connected which are both Cloud based systems).

System Access / Security

Information Management Systems must be kept discrete from the student network system.

Access to the systems must be password restricted, and individual user profiles must be set to ensure that users can only view and/or edit elements of the system that are relevant to their role and responsibilities. Individual users must change their password at least once every term. The System Manager login details for SIMS Connected should be written down and stored in a sealed envelope in the school safe (in case of an emergency). Both the CFO and Trust Finance & Ops Lead have Manager access rights for SIMS Finance.

Care must be taken to protect against unauthorised access to the systems: users must either log out or lock their computers when leaving the room.

The Chief Finance Officer and the Trust Finance & Ops Lead shall have oversight of the SIMS Finance records of every school in the trust, for the purposes of collective financial reporting, including to support the preparation of the annual accounts.

Back-up Procedures

The Finance Officer is responsible for ensuring that there are effective back-up procedures for the system. The preference is to use Cloud based systems. Where backups use hardware, data should be copied to a removable medium and the copies stored in a secure place, preferably in a fireproof container. The back-ups should not be recorded on the same removable medium each time – in order to provide more protection from the loss of data at least 3 different discs should be used in rotation. The most recent back-up should be stored off-site.

Back-up copies should be taken on at least a weekly basis, and preferably daily.

The Business Continuity Plan should provide for loss of accounting facilities or financial data and cyber security processes and procedures incorporated into the Business Continuity Plan for schools and read in conjunction with the Cyber Security Policy.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

Reconciliations

The Finance Officer is responsible for ensuring the following reconciliations are performed each month:

- Sales ledger control account;
- Purchase ledger control account;
- Payroll ;
- All suspense accounts;
- Bank balance per the nominal ledger to the bank statement;
- Cashflow.

Any unusual or long outstanding reconciling items must be brought to the attention of the Head Teacher or Trust Finance & Ops Lead.

Bank Accounts

Bank Account Management /Access

The bank mandate defines who is permitted access to the bank account, and the nature of that access (e.g., administrator, signatory, etc), and also defines the requirements for authorisation of payments, which as a minimum must require 2 signatures for every cheque/BACS run.

Schools have individually managed bank accounts, however there is a single, central bank mandate, which must be changed promptly when relevant signatories leave their positions within the Trust.

The Finance Officer and/or Business Manager for each school shall have online access to the bank account to view and print statements. Local Governing Bodies may agree for other appropriate staff members to have similar online access as a contingency against staff absence, if required.

Controls

There must be a segregation of duties between the preparation, authorisation and issue of cheques: no-one who prepares and issues the cheque may also sign it without a second signatory who has not been involved in the cheque's preparation and issue.

Similar controls over segregation of duties are applied to BACS and electronic banking.

Cash and Cheque Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book and should include:

- The amount of the deposit; and
- A reference, such as the number of the receipt or the name of the debtor.

The security of funds and of personnel must be considered when determining arrangements for depositing funds in the bank. Governors may determine that a cash collection company should be appointed to collect funds from the school on a regular basis. Where this arrangement is not put in place, or if additional deposits are required (e.g., at the end of term, or if cash in school exceeds insured levels), deposits of less than £500 cash may be taken to the bank by one person, otherwise two people must go together. Staff must be careful not to exceed insurance limits for cash in transit when preparing cash for banking.

Trips to the bank should be made on different days / different times of day, and preferably using a different car.

Bank Reconciliation

The Finance Officer/Chief Financial Officer for the Trust must ensure that bank statements are received regularly and that reconciliations are performed promptly and at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the school's cash book;
- Reconciliations are subject to an independent monthly review carried out by the Executive Head Teacher, Head Teacher, Head of School, Deputy Head Teachers, Chief Financial Officer or School Business Manager (unless they have prepared the reconciliation); and
- Adjustments arising from the monthly review are dealt with promptly;
- Cash flow is reviewed monthly as part of the month end reconciliation and ensure the school can meet their liabilities, any concerns must be discussed with CFO, as soon as identified.

Budget Planning and Control

Budgetary Cycle

The school finances shall be planned through:

- The approval and implementation of an annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves;
- Preparation of a medium-term Financial Plan of at least 3 years, updated annually.

The timetable for the preparation, presentation and approval of the budget is included in the financial calendar (Appendix E).

School Development Plan

Each school within the Trust will have a school development plan, identifying the future aims and objectives of the school and how they are to be achieved. The development plan should match objectives to the resources expected to be available.

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

Each year the Head Teacher will discuss the Development Plan with the Local Governing Body, including, how the plan supports the financial planning process and what they would like to achieve:

- How the staff are allocated to the priorities in time or actual cost, when deploying staff for education or non-teaching activities;
- A review of past activities, aims and objectives;
- Definition or redefinition of aims and objectives;
- Development of the plan and associated budgets;
- Implementation, monitoring and review of the plan; and
- Feedback into the next planning cycle.

The completed plan will include detailed objectives for the coming academic year, with estimated resource costs (capital and revenue) associated with each objective and success criteria against which achievement can be measured.

The medium-term financial plan should be prepared as part of the development planning process, and should indicate how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

Budget Forecasting/Annual/Three Year Budget

The CFO has overall responsibility of the budgetary process and prepares the central budget. The Head Teacher is responsible for preparing the annual/three-year budget, in conjunction with the School Business Manager/Finance Officer, and for obtaining approval from the Local Finance Committee and/or the Local Governing Body, before submitted to CFO for submission to the Trustees for review and approval.

The Academy Trust may take advantage of the provisions of the Academies Financial Handbook, which allows a Multi Academy Trust to amalgamate a proportion of GAG funding for all of 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. Any such pooling must be agreed and the Academy Trust Board must ensure that each school is treated fairly.

The budgetary planning process will incorporate the following elements:

- Forecast of the likely number of pupils, to estimate the amount of DfE grant receivable;
- Review of other income sources to assess likely level of receipts;
- Review of past performance against budgets;
- Identification of potential efficiency savings; and

- Review of the main expenditure headings in light of development plan objectives and expected variations in cost (e.g., pay increase, inflation, and other anticipated changes);
- The annual/three-year budget must be set as a balanced budget, all income and expenditure is allocated, whereby there should not be an over or under spend.
- If the balanced budget has an overspend (Deficit), schools must demonstrate how this deficit is to be cleared and over what time frame. This must be reported to Finance Trustees when setting the budget and a progress report is presented at the Finance Trustees meeting. The Finance Trustees will review, provide support and guidance, and where necessary undertake visits to individual schools;
- If the balanced budget has an underspend (therefore will form part of next year's carry forward), schools must demonstrate the purpose of the carry forward and up to 0.50% of the GAG is permitted to be retained for contingency.

Budget Assumptions prepared by the CFO in conjunction with the Finance & Ops Lead and SLT are shared with Finance and Audit Committee. This will form the basis of the forecast or reforecast budgets. It must be noted that material budget assumptions will be updated centrally by the Finance & Ops Lead or locally by the SBM's as instructed by the CFO.

SBM/Finance Officers will prepare local academy budget assumptions and records retained as part of the budget forecasting process.

Budget Forecast & Reforecast

The three-year budget is agreed June every year.

The reforecast takes place in October and April, the CFO will also undertake an internal review of the budgets in February and focus on schools indicating a deficit in-year or in future years. If the school is unable to sustain a balanced budget, discussions will take place with the Head teachers and SBMs and an action plan agreed to resolve the issue, this may include vertical classes, restructures and renegotiations of contracts.

Although it is essential balanced budgets maintained, it has recognized that where additional expenditure needed to maintain good quality of teaching and learning, deficit budgets maybe approved. Reserves and central funding possibly available to support the school, this will require Trustee approval.

Centralised Services

- Symphony Learning Trust's current formula for centralising services is based upon a contribution by all schools of 5% of the GAG;
- The formula to centralise services is agreed annually by the Trustee Finance and Audit Committee and will be communicated to all schools.
- The formula may be a variation of a percentage of the GAG, a fixed amount and/or any variation as agreed by the Trust Finance and Audit Committee.
- This centralised services contribution will fund the following:
 - Central salaries: CEO, CFO and other central posts based on a formula agreed by the Trustees;
 - A number of support services that have been centralised and schools are provided with a detailed list and this may be obtained from the CFO;

- The schools will be invoiced termly and the payment must be made with 30 days of receipt.
- If a school is in financial difficulty, a proposal must be presented by the school to the Trustee Finance and Audit Committee for a dispensation with the benefits and a business plan, as to how this will be resolved in the following year.

A clear statement of the local assumptions and priorities supporting the budget will be maintained by the Head Teacher.

Once the draft budget plan has been prepared this shall be presented to the Finance Committee/LGB for agreement. This should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change it is easier for all concerned to take remedial action. The final budget plan must be presented to the full Local Governing Body and to the Academy Trust Board for final approval.

The final budget plan should be seen as a working document which may need revising throughout the year as circumstances change. All budget intercompany transfer/virements approved as detailed in the budget/finance approval limits.

The Trust Finance and Ops Lead must ensure that each approved budget is entered onto SIMs finance at the appropriate time in the financial year.

New schools joining the Trust or newly appointed Finance Officers/School Business Managers, must submit the budget to the Trust Finance & Ops Lead and CFO before approval by the LGB and Finance and Audit Trustees meeting.

The Finance and Ops Lead if required, will attend the June-budget setting meeting with Finance and Audit Trustees Committee.

Budgets and Authority Levels

Details of the approved budget plan will be communicated to individual budget holders as appropriate.

Authority to incur expenditure consistent with the budget is laid out in [Appendix A](#).

School Monitoring and Review

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 – all budget virements must be authorised by the Finance Committee/LGB.

Monthly management reports prepared centrally for the Head Teacher by the Finance & Ops Lead, detailing actual income and expenditure against budget.

SBMs/Finance Officer will review and update the budget monitoring reports on behalf of the Head Teacher, who will be present to the LGBs/Finance Committee at their regular meetings, in a format agreed with them. SBM must prepare a narrative, including pupil projection numbers, reserves/projected reserves and a profit and loss for material trading

activities (Catering, Pre-School, Breakfast, After School Care and Lettings), to accompany the budget reports to the LGB.

The Finance Officer will issue budget / spending reports to individual budget holders periodically and on request.

Any potential overspend against the budget must be discussed with the Head Teacher.

Trust Budget Monitoring and Review

The Trust must prepare management accounts monthly, setting out its financial performance and position and SBM's/Senior/Director/CFO/CEO must take appropriate action to ensure ongoing viability.

Management accounts must be shared with the Chair of Trustees every month and with other Trustees at least six times per year and Board considers these when it meets.

The Board must ensure appropriate action is being taken to maintain financial viability, including addressing any variances between budget, actual income and expenditure.

The format of the management accounts must include income and expenditure, variation to budget report, cash flows and balance sheet (if applicable).

Trustees have a finance lead, who reviews monitors the management accounts to ensure there is an understanding of the Trusts financial position.

The Trust must select Key financial performance indicators and measure its performance against them regularly.

Integrated Curriculum Financial Planning/Benchmarking

The Trust must select Key financial performance indicators and measure its performance against these agreed metrics, which are in development.

Expenditure

Best Value

The Local Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's plans. Each school within the Symphony Learning Trust needs to secure the best possible outcome for pupils sustained in the most efficient and effective way, at a reasonable cost. This means that all expenditure needs to equip the school with the resources that are needed in the correct quantity and quality and in a timely manner.

Staff should be deployed to provide best value in terms of quality of teaching, quality of learning, staff-student ratio and curriculum management.

A large proportion of all expenditure will come from public funds, so to maintain the integrity of these funds each school will adhere to the general principles of:

- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school;
- Accountability – the school is publicly accountable for its expenditure and the conduct of its affairs; and
- Fairness – all those dealt with by the academy should receive fair and equitable treatment.

Purchasing and Tendering/Quotes Procedures

Prices / quotations should be obtained for all purchases and orders, subject to the following limits:

Value of purchase/contract/work	Number of quotes	Payment method
Up to £1,000	No quotes required	Procurement card or purchase order and invoice
Over £1,000 and no more than £5,000	1 written quote	Procurement card or purchase order and invoice
Over £5,000 and no more than £10,000	2 written quotes	Purchase order and invoice
Over £10,000 and no more than £50,000	3 written quotes	Purchase order and invoice
Over £50,000	Formal tendering procedures	Via formal acceptance of winning tender followed by purchase order and invoice
Over £177,897 (reviewed annually) – as at 01/01/2022 (£213,477 inc VAT)	Purchases may fall under EU procurement rules which require advertising in the Official Journal of the European Union	Via formal acceptance of winning tender followed by purchase order and invoice

The Finance Officer shall keep records of all purchases made, including quotations received but not accepted.

Further information about different forms of tender can be found in [Appendix F](#).

Values of goods and services requirements should be calculated on the basis of total cumulative value across the full scope and term of requirements. If goods and services are a perpetual requirement, then the total value across the full contract term (including options to extend) should be used.

- See table above.

In alignment with the approved processes detailed in the section above, the activities of specifying requirements, setting the evaluation criteria, evaluating quotes/bids/tenders, and signing off award of contract require the following levels of approval: (For this purpose of this document Head Teacher and Executive Head Teacher have the same rights within their prospective schools).

Exceptions to detailed process and governance arrangements may be approved by the governing body for individual procurements.

Procurement process requirements and activities detailed within the governance table may be deemed to have been met where value for money has already been determined through a transparent procurement in accordance with legislative requirements by another professional body (i.e. ESPO). In this instance, for procurements between the values of £25,000 and the EU threshold, then the Local Governing Body/Finance Committee may approve an exception to prescribed process and governance arrangements.

Procurement Governance/Evaluation Approval Table

www.gov.uk/contracts-finder and www.sourceleicestershire.co.uk ¹ Central purchasing bodies such as ESPO are one route via which this expertise can be acquired.

Financial Value	Specification Approval	Evaluation Criteria Approval	Evaluation Scoring	Award of Contract / Completion of Purchase
Under £1000 (was £500)	Any member of staff under the approved delegation of the Exec/Head Teacher	N/A	N/A	Any member of staff under the approved delegation of the Exec/Head Teacher
£1,001 - £10,000 Was £500-£6000	School Business Manager/Trust F & O Lead/CFO	Exec/Head Teacher	N/A	School Business Manager/Trust F&O Lead
£10,001 - £15,000 Was £6001 to £15000	Exec/Head Teacher/Trust F&O Lead/CFO	Exec/Head Teacher/ CFO	Exec/Head Teacher / CFO	Exec/Head Teacher / CFO
£15,001 up to £20,000 Was £10,001 to £15,000	Exec/Head Teacher Trust /F&O Lead/ CEO / CFO	Exec/Head Teacher / CEO / CFO	Exec/Head Teacher / CEO / CFO	Chair of LGB / Chair of Finance Committee
£20,001 up to £30,000 Was £15001 to £25000	Exec/Head Teacher / CEO / CFO/ F&O	Local Governing Body	Exec/Head Teacher / CEO plus two Governors / Trustees (including at least one non-staff member) / CFO	Local Governing Body / Finance Committee
£30,001 up to £50,000	Trust Finance Committee	Trust Finance Committee	Exec/Head Teacher plus two Trustees (including at least	Trust Finance Committee

Was £25001 to £50000			one non-staff member)	
Over £50,001	Board of Trustees	Board of Trustees	Exec/Head Teacher plus two Trustees (including at least one non-staff member)	Board of Trustees
Capital Improvement Fund Bids (CIF)– up to EU Threshold	Local Governing Body	Local Governing Body	LGB or professional body engaged to do this	LGB or Exec Head/Head plus two non-staff governors
CIF – Over EU Threshold	Local Governing Body	Local Governing Body	As Above	Board of Trustees or AO and non-staff trustees**
School Capital Allocation (any value)	Trust F&O/CFO/Estates Lead/CEO	Trust F&O/CFO/Estates Lead/CEO	Finance & Audit Committee	Board of Trustees or AO and non-staff trustees**

NB CFO/CEO will sign SLT/Central MAT Expenditure Only

** It is intended that delegation to the sub group will be required, when there is a need to expedite commissioning of work funded through the Capital Improvement Fund out of the normal meeting cycle.

Tender Opening

Tenders and quotations for requirements over a value of £50,000 should be instructed to be returned to a specified location by a specified deadline, clearly marked as “Tender” with the applicable deadline return date and contract/requirement title/description.

Tenders should only be opened after the return deadline, and with two people present. A documentary record must be created, detailing the time and date of opening, those individuals present, and the tenders received in respect of supplier name and price.

Contract Extensions

For contracts below £30,000 Trust Fin & Ops Lead/Headteacher may extend within the scope of options to extend detailed in the contract agreement, as already approved by the Governing Body. Extension of contracts above ~~£15,000~~ £30,001, either beyond extension terms provisioned within the original contract or for a contract over the EU threshold, must be subject to approval from the CFO and Trust Finance & Audit

Contract Variations

For contracts below a value of £10,000, the Headteacher may vary contracts provided that the total value does not exceed £15,000, and appropriate records are maintained on file.

For contracts above a value of £10,000 but less than ~~£15,000~~ £20,000, the Headteacher may approve minor variations which do not change the material nature of the contract, or result in a change of contract price of more than 10 percent.

Variations to contracts in all other circumstances must be approved by the Trust Finance & Audit or governing body.

Due Diligence for Contracts

Prior to the award of contract, appropriate checks should be undertaken as deemed appropriate by the individual or body/group responsible for evaluation scoring. These checks may include, but are not necessarily limited to:

- Validation of insurance and indemnity certificates;
- Validation of professional memberships/qualifications.
- Credit check of supplier to identify any potential financial sustainability or impropriety risks;
- Disclosure and Barring Security (DBS) checks on nominated key personnel (where relevant);
- Professional references (where not already obtained at an earlier part of the procurement).

Further periodic revalidation checks may also be deemed appropriate during the term of some contracts.

Operating Leases

Schools should only commit to funding purchases via an Operating Lease and are not able to undertake any other type of leases or loan repayment type funded projects.

Where an Operating Lease is to be undertaken, in the first instance ensure that an alternative purchase option is not available.

All Operating Leases should be approved by the LGB for schools or Trust Finance and Audit Committee for central operating leases, before the Operating Leases are undertaken and are usually between 3 to 5 years. Trust Finance & Operations Lead should be advised of any operating leases, for the Accountants to verify as part of their auditing process.

Any Leases over this timeframe, should be rigorously tested, all other options exhausted and must only be approved by the Trustees Finance and Audit Committee.

SIMS Finance – Authority Levels:

SIMS Finance has a number of authority levels to approve Orders and Invoices and each school will agree what level is required by each finance staff member and the levels are approved by the CFO:

Code	Authority Limit up to	Role
01	£0.00	N/A

02	£500	Finance Clerk
03	£6,000	Finance Clerk
04	£10,000	Finance Supervisor
05	£15,000	Bursar/Finance Manager
06	£30,000	SBM/F&O Lead
07	£50,000	SBM/F&O Lead
08	£100,000	SBM/F&O Lead
09	£999,999,999	CFO

As each school has to ensure segregation of duties and therefore roles have been created within each school to ensure compliance with the system driven requirements.

Ordering - Routine

Wherever possible purchases should be made through the school's ordering system.

A quote or price must always be obtained before any order is placed. Where possible a supplier should be chosen from a list of approved suppliers, maintained in the school office.

All orders must be made or confirmed in writing; order forms are held in the school office. Orders must bear the signature of the budget holder or head teacher (as appropriate to the value of the order) and must be forwarded to the school office where they will be checked to ensure adequate budgetary provision before an official order is created on the accounting system and dispatched to the supplier.

Order forms and copies of official orders are retained in the Orders file in the office until the goods have been received and invoiced.

Ordering - Internet

Internet ordering should only be used where goods cannot be requisitioned through normal ordering channels, or where the savings are significant. Orders should only be placed with reputable companies and before placing an order the following details should be verified:

- The supplier's name and address are referred to on the website;
- The company's terms and conditions of trading have been viewed and are reasonable;
- The transaction will take place under UK jurisdiction, where normal forms of redress are available to solve problems or disputes regarding faulty goods or non-delivery of goods (note: a ".uk" web address does not always mean the firm is UK based);
- A full description is obtained of the goods or services to be purchased;
- The price(s), including taxes;
- Delivery costs and arrangements;
- How long the price will stay valid;

- The rights of the purchaser to cancel the order;
- If a service is being procured, then the duration of the commitment and any future costs;
- That the contract in law is between the school and the supplier, not between the individual and the supplier.

The preferred payment method is to request that an invoice is issued by the supplier, for payment once the goods have been received. However, many suppliers will only accept payment by debit/credit card. In this case only the school charge card may be used (see section headed "Debit/Credit/Charge" below).

No payment card details should be saved on any website for future use, and it is paramount that online payments are undertaken using a secure method (i.e. SSL). Visible proof of this will be a message appearing in a small window indicating that the transmission is to take place over a secure line, and can also be evidenced by a small closed padlock icon on the bottom row of the browser screen and/or the internet address starting with <https://> (the denoting a secure link). Alternatively, the website should display the "TrustUK" symbol.

A copy of the order, together with prices and the budget to which the goods should be charged must be passed to the office.

Receipt of Goods / Services

A detailed check must be made of the goods received against the delivery note and order: this should normally be completed within 1 working day of delivery by any member of staff expect the person who raised the original order.

Any discrepancy must be recorded and raised with the supplier without delay. Once checked, the delivery note should be filed awaiting invoice, with a record of any returns / shortages.

If a budget holder is pursuing a query with a supplier the Finance Officer must be informed of the query and periodically updated with progress.

If the delivery paperwork includes the invoice, then this must be forwarded to the school office immediately.

For purchases made using a debit / credit / charge card, satisfactory receipt of the goods must be confirmed on the expenditure summary form.

Credit Notes

Credit notes should be offset against the invoice to which the credit note relates, ensuring that it is coded to the appropriate cost centre / ledger code.

Invoice / Payment Processing

All invoices should be forwarded to the school office immediately upon receipt. The Finance Officer will then arrange payment ensuring:

- The invoice is arithmetically correct;
- The goods / services have been received;

- The goods / services are as ordered;
- The prices are correct;
- The invoices are posted to the correct cost center and purchase ledger code;
- The invoice is authorised for payment;
- The VAT is treated correctly.

Authorisation for payment may be evidenced by:

- Invoice signed by the budget holder;
- Order signed by the budget holder and checked delivery note showing that all goods have been received;
- Cheque / BACS Run Report for a batch of invoices, signed by the appropriate number of signatories.

Cheques

All cheque books and/or pre-printed cheques must be stored securely.

Two signatures are required on all cheques. (See Appendix A).

Cancelled cheques must be retained.

BACS Payments

Payment by BACS is quicker, more secure and more cost-effective than payment by cheque and is the preferred method of payment.

Care must be taken to ensure the correct supplier bank details are entered onto the finance system, as provided by the supplier. It is not common for companies to change their bank account details, so any instruction of this nature should be treated with caution, and details only updated once the school is confident that the correct details have been provided.

A BACS Run Report should be printed and authorised before the payment file is created / uploaded and approved.

Online approval of BACS payments will be subject to the bank mandate. Staff entitled to approve a payment will be issued with an authorisation card which must be stored safely by the card holder. Cards and card readers must be stored separately.

Direct Debits

Direct Debits may be used for regular payments for services provided the services are secure (i.e. rates, leases, utilities, etc).

The Direct Debit mandate should be authorised in accordance with the Trust central bank mandate, taking account of the likely value of each payment.

Details of all Direct Debit instructions, and all payments made via direct debit should be retained.

Invoices relating to direct debit payments must be subject to the same level of scrutiny as all other invoices. In the case of utility invoices, local meter readings should be taken

monthly and used to ensure that any estimated readings used on the invoice are reasonable.

Debit / Credit / Charge

- The CFO shall determine whether their school will use such cards and take into account the potential risks. The maximum monthly spending limit for each school should not exceed £6,000. This limit may be split across several individual cards to fit the needs of the business. Copies of all application forms for cards shall be retained with the bank mandate. This limit can be increased on a temporary basis by contacting the Trust F&O Lead.
- Purchases should be made through official school purchasing routes only – whether that is by official order or use of a charge card. Approval must be obtained from the budget holder prior to purchasing.
- Staff must not use their personal credit/debit card, cash or banking facilities. If there is an exceptional reason as to why a staff member needs to use their personal banking facilities, authority must be obtained from the Executive Head/Head Teacher/SBM.
- Credit card, charge card accounts must be settled in full on a monthly basis to avoid infringing academy borrowing restrictions and a direct debit must be set up to pay the balance off in full on a monthly basis. The Finance Officer shall control the use of the cards, and will oversee the following:
 - Cards will be stored in the school safe at all times, except when officially issued to an authorised user;
 - Any spending limit must not be exceeded;
 - Cards must be signed out by the user immediately before use and signed back in immediately after use (or as soon as practicable) by a member of the office staff (if the card has been used by a member of office staff then a different person must sign the card back in);
 - All expenditure must be supported by a receipt and where available the online order confirmation. Where VAT has been paid a VAT invoice / receipt must be obtained. These receipts should be attached to the monthly charge card statements for reconciliation to the financial management system.
- Pin Numbers should not be retained with the Credit / Charge and kept separately.

Debit Cards

Schools must not hold a debit card for any school accounts and any existing cards must be destroyed, if schools do need to hold a debit card, this must be agreed by the CFO.

Petty Cash

Schools do not use Petty Cash and any changes to the process must be agreed with the CFO.

Payroll and Governor Remuneration

Payroll processing is outsourced to Leicestershire County Council, under a comprehensive service level agreement, which includes ensuring compliance with all requirements of the relevant pension schemes.

The payroll provider is responsible for calculating all deductions from pay, in compliance with current legislation including tax, national insurance contributions and pensions.

Changes to Payroll Information / Staffing

Employee records are maintained by the Finance Officer, with all additions and changes requiring authorisation by the Head Teacher before they are released by secure electronic transfer to the payroll provider. The Finance Officer is responsible for ensuring that details are released to payroll in a timely manner, taking account of monthly cut-off dates.

Claim forms for additional hours, and notifications of other adjustments to pay will be completed on a monthly basis, as authorised by the Head Teacher prior to being submitted to the payroll provider.

Payroll Reports and Reconciliation

The cash management element of payroll processes has been centralised. After the payroll has been processed, but before payments are dispatched, monthly payroll reports detailing all amounts payable will be received from the payroll provider. The Trust payroll reports, encompassing all schools, are sent to the Finance and Ops Lead. These will be separated into individual school reports and distributed to each schools Finance Officer to process.

The Finance Officer is responsible for ensuring that this information is reviewed and reconciled to all claim forms, contracts and other adjustments on a monthly basis, where possible in advance of the payment being released.

Details of payroll information shall be entered onto the accounting system on a monthly basis, with postings made to the payroll control account and to individual cost centres.

The Finance and Ops Lead is responsible for balancing payroll control for the Trust. They will also initiate bank transfers from individual school bank accounts, in a timely manner to meet the direct debit deadlines of payroll (last working day of month and 15th of each month). Each school's Finance Officer should ensure that there are sufficient funds in their accounts to transfer to the Trust account.

All salary payments should be made by BACS, other than in exceptional circumstances.

Pay Policy

The Academy Trust maintains separate pay policies for Teachers and Support Staff, to which each school appends any local determinations (e.g., TLR values, pay range for leadership posts, etc). These are reviewed annually.

Governor's Remuneration

The role of Governor is voluntary and therefore no individual shall receive any form of payment in respect of their Governor duties.

Where Governors incur financial costs in fulfilment of their duties they may claim a reimbursement of reasonable expenses in line with the Symphony Learning Trust Expenses Policy.

Mileage claims will be paid at rates approved by the Inland Revenue. For all other expenses the claim must be supported by receipts.



VAT

Operating a state funded school is a non-business activity for VAT purposes (outside the scope of VAT).

Other activity, not related to the core purpose of state education, is considered "business activity", and is likely to be a combination of tax-exempt business activity and taxable business activity.

Academy Trusts must register for VAT where the value of their taxable business activity exceeds the VAT registration threshold on a rolling 12-month period. Financial controls should be put in place to ensure that total taxable supplies are monitored and compared to the VAT threshold.

The value of taxable business activities across the Symphony Learning Trust falls well below the VAT registration threshold, and therefore the Trust has elected **not** to register for VAT. Levels of taxable business activity will be monitored annually during the preparation of the annual accounts, and action taken to register for VAT should this become a requirement.

Academies are able to reclaim VAT on their educational activities, via a VAT 126 form. Adjustments must be made to the total amount of VAT reclaimed to reflect any expenditure on other (non-business) activities. (e.g., staff meals, expenditure associated with lettings, etc). The advice of the Trust's accountants should be taken regarding how this adjustment should be calculated.

VAT receipts must be obtained for all transactions where VAT is incurred, showing:

Invoices up to £100 (gross)

- Date of supply;
- Supplier's name, address and VAT registration number; and
- A description sufficient to identify the goods/services supplied.

Invoices over £100 (gross)

- Date of supply;
- Supplier's name, address and VAT registration number;
- A description sufficient to identify the goods/services supplied;
- An identifying number and date;
- The customer's name and address;
- The type of supply (i.e., sale, rental, etc.);
- Quantity and amount payable (excluding VAT) for each description;
- Rate of any cash discount offered; and
- Rate and amount of VAT charged.

Self Employed

All payments to individuals should normally be made through the payroll system, except if:

- The payment is for reimbursement of receipted expenses;
- The payment relates to payment of mileage claims where the rate to be paid is below the threshold set by the Inland Revenue.

The individual is self-employed and can prove that they are registered with the Inland Revenue and checks must be made against the HMRC website to ascertain their status, before payment is made. Self-employed people should also sign a statement agreeing that they will declare all payments from the school to the Inland Revenue (See Appendix H). The school should also satisfy themselves that their relationship with the individual is indicative of self-employment, using the employment status tool available at www.gov.uk/guidance/employment-status-indicator.

Income

Sources of Income

The main source of income for schools across the Trust are the grants from the DfE. Receipt of this income is monitored by the Finance Officer, who is responsible for ensuring that all grants due to the school are collected.

School may also obtain income from:

- Parents (e.g., trips, uniform sales, dinner money, etc);
- The Local Authority (e.g., High Needs funding);
- Other organisations (e.g., grant applications, donations);
- The public (e.g., lettings, pre-school, breakfast and after school care).

The cost of material trading activities are reviewed annually and include an annual cost of inflation, unless there is a business case for the price not to be increased and shared with the LGBS.

School Meals

School meal numbers for each type of meal (e.g., UIFSM, FMS, Paid pupil, Adult) are confirmed to the kitchen on a daily basis. Payments for school meals should be reconciled for every pupil on a regular basis, normally weekly, and appropriate action taken to recover any payment arrears.

Invoices for school meals should be reconciled against the number of meals taken.

The price for each meal must be reviewed annually and include an annual cost of inflation, unless there is a business case for the price not to be increased.

Invoiced Income

The school must nominate a member of staff to take responsibility for maintaining records of bookings for facilities (lettings) and for notifying the finance officer of the sums due from each organisation.

The Finance Officer will establish and maintain a sales ledger account, and produce invoices as appropriate.

Non-Invoiced Income (including Donations)

Cash / cheque payments from parents (e.g., trips) should be forwarded promptly to the school office. A receipt will be produced for all payments made. Office staff will maintain an up-to-date record for each student showing the amount paid (including online payments) and any amount outstanding. All payments received will be entered on the system as income against the specific trip / service in order that the overall cost to the school can be monitored.

Other non-invoiced income in the form of cash/cheques will be receipted. A remittance advice (or similar verification) should be obtained in respect of any income received directly into the school bank account.

Cash Handling

Cash handled by any staff, other than those in the school office, must be kept secure and passed to office staff as soon as possible. Office staff are responsible for ensuring that cash is not left unattended at any time unless it is securely locked away.

Office staff must be aware of insurance limits and ensure that the amount of cash on site does not exceed these limits at any time.

Cheque Handling

Cheques should be paid into the bank promptly.

Debtors

The Local Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.

Payment should be obtained as and when goods/services/facilities are provided wherever possible.

Where payment is not made at the point of delivery then an invoice must be raised as soon as possible and normally within 7 days. Wherever practical, invoices should be raised using SIMs Finance should clearly state the bill is due and payable at the invoice date.

If no payment is made within 30 days of invoice date, then a reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

Where only part of a debt has been settled, a final reminder for the balance outstanding should be issued after 30 days of invoice date. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply they must submit an application in writing explaining the reasons for the request. The School Business Manager will agree the revised terms. If the debt

is not settled within the terms agreed, then a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

At each Finance Committee, the governors should be informed of any aged debtors in excess of £1,000 still outstanding after 60 days of the invoice date, together with any proposed action. This may be legal action, use of debt collection agency or write-off the debt. Each decision should be recorded in the minutes. Debts below £1,000 may be written off by the Headteacher provided normal follow-up action has been taken (see Appendix A). A report of debt's written off by the Headteacher should be reported to the next Finance Committee.

Individuals or organisations that have previously defaulted on payments are not allowed credit facilities. Where a debtor's payments are consistently paid outside the terms of supply, removal of the credit facility should be considered.

Bad debts above the amount detailed in the annual funding letter, or as per delegated limits in the Academies Financial Handbook will require approval of the Board of Trustees and permission from the ESFA.

Contactless Card Payments

The Trusts method for taking payments for goods and services from parents, staff and visitors is online through each school approved e-payment system.

However, it's recognised in exceptional circumstances where parents, staff and visitors are unable to access the approved e-payment system, staff may use Point of Sale Terminals (card machine). Authorisation to use a contactless card payment system by the school approved by the CFO.

All other methods of payment must be offered and it has been established that the school's method of payment is not available, before the parent/staff/visitor is able to make a contactless payment. For example they do not have a compatible device that works with the approved e-payment system and/or there is a debt outstanding and this is the only method of payment.

Payments using card machines should only be taken when the parent, staff or visitor is present and be processed by the Finance Officer / School Business Manager.

Refunds processed via SIM Finance and not via the contactless card machine.

Records of the purpose, date, amount and who approved and processed the payment retained for audit purposes.

Charging and Remissions

Each school shall maintain a separate appendix to the Trust's Charging and Remissions Policy, reflecting the general principles of the Education Act which identifies activities for which:

- Charges will not be made;

- Charges will be made;
- Charges may be waived

Cash Flow

The Finance Officer for each school should prepare a cashflow forecast, and monitor actual cash flow on a monthly basis, to help ensure that the bank account remains in credit at all times.

Each school to maintain a cash balance in their bank account to ensure that the Trust can process the inter-account transfers to cover at least 1 month's payroll costs.

Cash flow reports are part of the Management Accounts and shared with LGBs and Trustees as part of the termly meetings.

Reserves and Investments

Balanced Budgets

Schools should always balance their budgets; therefore, match income with expenditure in the current and forecasted years.

Schools may carry forward income into reserves that are considered necessary for future years' expenditure and may include funds set aside for replacement of capital items, such as ICT infrastructure or premises development, and allowance to cover the principle risks facing the school, including reductions in pupil numbers or school funding levels. There will be a tolerance level, however this must be agreed with the CFO and will be discussed with the Trustees.

Should the school face an in year deficit due to additional expenditure, it this must be bought to the attention of the CFO and an explanation provided, which will be reported to the Trustees.

Schools should not be forecasting deficits and before a deficit is forecast the Senior Leadership Team, should take appropriate steps to balance the budget. This may include, reducing staffing costs, reviewing service contracts, curriculum expenditure and consider vertical streaming. If the forecast budgets are still showing deficits, must discussed with the CFO and agreed by the Trustees.

Reserves

Reserves are funds held by the trust and comprise of:

Unrestricted reserves – free reserves which can be spent on any of the charitable objectives of the MAT. These are generated from the surplus funds carried forward generated from income and grant funds associated with a school. Running a deficit of income over expenditure effectively results in depletion of these reserves.

Restricted reserves – originate from restricted income streams from grants and donations which stipulate that it can only be spent in a specific way. Spend is dictated by donors' instructions or as decided by the executive directors to further specific objects

of the MAT. Capital grants like School Condition Funding and Devolved Capital Funding can only be spent in the way ESFA has stated that we use this fund. Any unspent restricted fund can be clawed back so it is important that there is accurate and up to date record keeping in place for funds received from these grants. These funds must be spent within a specific timeframe and can sometimes have a 'use it or lose it' criteria attached to them.

Other reserves – that feature in the annual accounts are:

- **Fixed Asset Reserves** – reflect the original cost of land and buildings. As these are held to be used as the site for delivery of education these are excluded from this policy.
- **Pension Reserves** - which is a reserve to cover future pension liabilities and again only features in the statutory accounts.

Schools should maintain reserves, derived from Restricted/Unrestricted Income, at a level to meet the following:

- Unforeseen emergencies/unexpected events/repairs such as urgent repairs.
- For Free schools or newer schools which have not reached their full capacity for them to secure full funding yet.
- To cushion schools who have had sudden and unexpected drop/clawback in funding to enable to school to find efficiencies or ways to turn around the school's adverse direction.
- To extend short term cash funding where guaranteed funding is on its way and not yet received.

To fund major commitments and projects which require earlier upfront funding that cannot be met from future funding due to urgency or impact of the activity i.e., increase PAN numbers guarantee but require teachers, equipment, or major asset purchase.

The Trust would like to hold reserves for the purpose of:

Contingencies: to provide financial resilience in the event of unexpected events e.g., pandemic, unpredictable needs e.g., staff sickness, and to provide a buffer for cash flow management.

Equalisation: to smooth out irregular spending e.g., replacement of mobile classrooms.

Investment plans and ESFA restrictions on borrowings and long-term commercial loan finance: ring fencing a proportion of the reserves for such large projects like building projects.

The Trust does not pool its reserves and individual schools take responsibility managing their own revenue reserves within the context of budgets agreed with the CFO. Schools are expected to maintain 5% of their GAG allocation within reserves at any given time.

Process for handling reserves

Each school manages and has access to its own reserves however Trust Board approval is required to spend from reserves. The Trust will work to balance the needs of all our schools and ensure adequate reserves are in place at Trust level regardless of individual schools' positions. The Trust will monitor the level of reserves held to ensure they are maintained at the required level and that there is a clear rationale for any reserves held above the 5%

figure and that if reserves drop beneath 5% that there is a clear plan for building them back up again, all within the context of the overall financial position of the Trust. Any drawn downs from the reserves will be monitored and the Trust and the schools will strive to restore the reserves to target reserves level set. The trust will assess whether any falls in reserves level is a short-term situation or an indication of a long-term issue.

The CEO/CFO can make a request from the Trust Board to access Central Trust reserves or more widely from the schools' reserves. To do this the CEO/CFO will always consult with Local Governing Bodies prior to making a recommendation to the Trust Board to draw down on school reserves and ensure that their views are represented back to the Board. Decisions to draw down Trust wide reserves can be requested by the CEO/CFO to:

- a: manage risks and provide stability to the school/Trust
- b: meet unforeseen emergencies or unexpected repairs
- c: fund short term deficits where there is lagged funding
- d: enable projects that benefit the wider Trust.

At the end of the year, the central trust finance team will share with all schools a note of the balance of reserves held at each school against each of the reserves categories. Schools should then keep a record of all income streams, all commitments and spend for the year in their forecast.

Requests to draw down from reserves should be submitted to the Trust's central team in the form of a business case. See [Appendix I](#) The central finance team will then review the business case before sharing with Trustees for a decision. Business cases should state opportunities to be gained, risks associated and how it will be mitigated and payback plan if needed. The Procurement process should be followed to ensure that best price is obtained, contracts are tendered where it is major spend etc.

A school might be allowed to run below the free reserves target 5% requirement (as in part a to d above) but this is subject to Trust approval.

Reserves should not be hoarded or held back as the Trust wants to balance the needs of current year pupils against the need to mitigate financial certainty or uncertainty.

The trust would like to operate strategically in overseeing reserve levels therefore we ask that each of our schools look to have a 3–5-year financial plan which outlines any future commitments, any expected major projects, any repairs/refurbishments that are due, health and safety and safeguarding needs, curriculum development, best estimate of future projected income streams etc.

Contingency

From the Reserves/Carry Forward, schools should aim to retain at least the equivalent value of One Month expenditure to fund for emergencies that schools may face outside their control. (Unless the school can demonstrate that they have sufficient Reserves/Carry Forward to manage any exceptional expenditure or emergencies). This is not a cumulative requirement and this is reviewed annually. It is the Finance Officers/Bursar and SBM's responsibility to ensure this is managed as part of the month end processes and any concerns are raised with their LGB's and subsequently escalated to the Trustees Finance and Audit Committee.

Investments

Each school should manage cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Where surplus cash funds are held the governors will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds. The aim is to achieve the best financial return available whilst ensuring that the security of deposits takes precedence over revenue maximisation. Decisions on how much to invest and for how long will be based on operational requirements demonstrated by cash flow forecasts which should be updated monthly.

If it is identified that the school is holding a level of cash funds that will be surplus to requirements these may be invested only in banking institutions which have credit ratings assessed by Fitch and/or Moody to show good credit quality. To manage risk, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority FCA). Whilst this exceeds the protection limit of £85,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the criteria in this policy.

Investments for a fixed term should not exceed one year in order to provide flexibility for the following year's plans and may be invested in the following:

- Interest bearing accounts with:
 - Lloyds Bank;
 - Natwest Bank;
 - Royal Bank of Scotland;
 - Barclays Bank;
 - HSBC;
- Treasury deposits with maturity dates that do not result in the cash funds being unavailable for longer than 8 weeks.

On maturity of any investment the Finance Officer will review the level of funds that continue to be available for investment and the interest rates that can be achieved in order to optimise the benefits of any subsequent investment.

The Head Teacher shall be required to authorise the transfer of funds to any investment vehicle.

Any decisions to invest or not to invest must be approved and recorded by the Local Finance and Audit Committees, and the Trustees Finance and Audit Committee are notified of the decision.

Fraud

1. Introduction

The Symphony Learning Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust or any of its member schools has a responsibility in respect of recognising potential fraud, preventing and

detecting fraud. It is the duty of all staff, governors and trustees to take reasonable steps to limit the possibility of corrupt practices and to take advice from the internal and external auditors on the adequacy of the measures taken across the Trust to ensure financial compliance.

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf (s)he acts, even if these "others" are in ignorance of the fraud. Fraud is, in fact, intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption is defined for the purpose of this document as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Symphony Learning Trust, its staff or governors.

Any instance of fraud or theft committed against the Academy Trust above £5,000 must be reported to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

Therefore, in order to minimise the risk and impact of fraud, the SLT's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

- In order to achieve these objectives, the SLT has taken the following steps:
- The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
- The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), and an independent Responsible Officer function with an ongoing responsibility to review and report on these systems;
- The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the SLT and a fraud response plan which sets out the SLT's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections.

2 Personal Conduct

The SLT aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the SLT's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

These regulations are binding on all governors, members of staff, students and constituent parts of the SLT. Refusal to observe them will be grounds for disciplinary action.

In disbursing and accounting for all funds, the SLT must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that governors and employees of the SLT must at all times conduct financial affairs in an ethical manner.

All members of staff, governors and Trustees of the SLT are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the SLT or its related companies, minority interest companies and trading areas.

Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has an interest must disclose this to the Executive Head/Head teacher School Business of the individual school.

Trustees, Governors or employees of the SLT shall never use their office or employment for personal gain and must at all times act in good faith with regard to the SLT's interests.

Budget Holders are expected to adhere to the Finance Manual at all times and to use their best efforts to prevent misuse or misappropriation of funds and other SLT property.

Taken together, these represent a statement of the framework within which governors and employees are expected to conduct themselves. These requirements will also be stated within the Staff Handbook which will be issued to all members of staff and which will also include a statement of the disciplinary consequences if they are not complied with.

3 Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the SLT are documented in the Finance Policy. The Finance Policy is issued and updated periodically by the CFO/Executive Head/SBM's, following approval by the Trustees Finance Committee on behalf of the Trustees Governing Body. It is binding on all trustees, governors, members of staff, students and constituent parts of the SLT and is distributed to all staff with financial responsibility.

The SLT has also established a Trustees Finance Committee and an independent Responsible Officer function (with Leicestershire County Council/outsourced and as agreed by the SLT Trustees) which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

4 Fraud Response

The Fraud Response Plan sets out the SLT's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up, are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- demonstrate that the SLT retains control of its affairs in a crisis; and
- make a clear statement to employees and others that it is not a soft target for attempted fraud.
- The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:
 - inadequate communication so that action is late or inappropriate;
 - lack of leadership and control so that investigators are not properly directed and waste time and effort;
 - failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
 - adverse publicity which could affect confidence in the SLT; and
 - creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the SLT's plan are in line with the Whistleblowing Policy and are outlined below:

All Trustees, governors, members of staff, students and constituent parts of the SLT are required to notify immediately the Executive Head/Headteacher and/or School Business Manager of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the SLT. The Executive Head/Headteacher and/or School Business Manager should bring this to the attention of the Trustees of the SLT and/or Chair of the Trustees Finance Committee immediately.

The Executive Head/Headteacher and School Business Manager will ascertain whether or not the suspicions aroused have substance. He/she will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chair of Trustees Finance Committee and the Chair of Trustees and/or SLT.

The Executive Head/Headteacher will have the initial responsibility for co-ordinating the SLT's response. In doing this he will consult with the SLT's Human Resources Advisor regarding potential employment issues. The Executive Head/Headteacher will also seek expert legal advice from the SLT's Legal Advisor on both employment and litigation issues before taking any further action.

The Executive Head/Headteacher is required to notify the SLT and/or Trustees of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Responsible

Officer the Chair of Trustees Finance Committee and the Chair of Trustees/SLT fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

If evidence of a fraud is forthcoming then the Trustees of the SLT will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the Police.

Equality Statement

At the Symphony Learning Trust, we actively seek to encourage equity and equality through our teaching. No gender, race, creed or ethnicity will be discriminated against. The school's Disability Equality Scheme will be followed and the use of stereotypes under any of the above headings will always be challenged.

Conclusion

Existing good practice within the SLT in terms of its systems of internal control both financial and non-financial and the external regulatory environment in which the school operates ensure that cases of suspected fraud or impropriety rarely occur.

This policy, along with the Whistleblowing policy is provided as a reference document to establish a framework within which issues can be raised. For more detail about how issues can be raised internally and if necessary outside the management structure of the school, the reader should refer to the Whistleblowing Policy. This document is a public commitment that concerns are taken seriously and will be actioned.

Inventories and Assets

Fixed Asset Register

Each school within the Trust will maintain a fixed asset register. The aim of a fixed asset register is to:

- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective utilisation of assets and plan for their replacement;
- Assist 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.

The fixed asset register shall consist of a list of items (or specific groups of items purchased within the accounting period) valued over £1000 that are considered to have a life longer than the financial year they were purchased in.

Fixed assets are categorised as follows:

- Land and buildings;
- Plant and machinery;
- Furniture and equipment;
- Computer equipment and software;

- Assets under construction.

The asset register should, as a minimum, include the following information:

- Asset description;
- Serial number (if applicable);
- Date of purchase (where purchased after academy conversion date);
- Asset cost;
- Source of funding (if purchased after conversion (% of original cost funded from DfE grant and % funded from other sources);
- Current book value (if applicable);
- Location.

All working papers for the purchase of assets, including invoices, will be retained for at least 7 years.

Inventory

The inventory is an extended version of the Fixed Asset Register, including the same information but for all individual items purchased with a value over £500 and desirable portable items of lower value. Each school will maintain their own inventory.

Physical counts should be undertaken annually against the inventory register and the evidence presented to the Governing Body. Discrepancies between the physical count and the registers should be investigated promptly by the Head Teacher and any discrepancies over the value of £500 should be reported to the Governing Body.

Depreciation – Accountant confirming changes

The Fixed Asset Register contains all Fixed Assets with a value of over £1000. Trustees are responsible for deciding on how depreciation of these assets is treated in the accounts.

At Symphony Learning Trust we will use the 'straight line' method to calculate the depreciation value, which will result in a length of reasonable 'lifespan' per asset being decided by the Trust.

The total value of this asset will then be divided by the agreed lifespan to calculate the depreciation cost.

Non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. Depreciation will be calculated on an annual basis for preparation of the year end accounts, in accordance with advice and guidance from the Trust's accountants on the basis that depreciation is a non-cash adjustment.

Disposal of Assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head Teacher and Finance Officer and, where significant, should be sold following competitive tender. Where the asset to be disposed of carries an amount (cost less accumulated depreciation) above £500 the disposal must be approved by the Finance Committee.

If computer equipment is disposed of, licences for software must be legally transferred to the new owner. Pecuniary interests must also be considered at all times.

All disposals of assets on the fixed asset register or the inventory register should be recorded on the relevant register.

The requirements of the funding agreement with the Secretary of State will be adhered to when considering the disposal of a capital item.

Funds obtained by the sale of surplus assets shall be identified in the school accounts and be accessible for audit.

Loan of Assets

Items of school property must not be removed from the school premises without the authority of the Head Teacher. It is expected that staff laptops are to be removed from the school site but they remain the property of the school.

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 will therefore be kept under review and any potential benefits discussed with the auditors.

Security

Higher value items should be appropriately security marked and securely stored securely when not in use.

School Fund – Unofficial Accounts

The Head teacher is responsible to the Local Governing Body for any unofficial school funds and is required to provide them with annual audited accounts.

Financial Reporting

As a minimum the following financial reports should be produced by each academy / the Trust:

Frequency	Report	To Whom
Annually	Statutory accounting returns	Trust Board
	School Budget	Local Governing Body
	Unofficial funds – audited accounts (where used)	Finance Committee/Local Governing Body
	Budget Forecast (School)	Local Governing Body
	Budget Forecast (Trust)	Trust Board
Monthly	Financial monitoring report	Head Teacher

		Most recent report to Finance Committee at each meeting
	Period end documentation	Head Teacher
	Bank Reconciliation	Head Teacher (if carried out by SBM) or SBM (if carried out by another staff member)
	Payroll information	Head Teacher
	Cash Flow Reports	Head Teacher
On Demand	Cost centre reports	Budget holders

Business Continuity and Risk Management

Each school within the Trust should prepare and maintain a Business Continuity Plan which includes a section related to financial matters and Cyber Security.

Each school and the Trust maintain a Risk Register which is reviewed at each LGB and Trust Finance and Audit meeting respectively.

Register of Interests (See [Appendix D](#))

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

Members, Trustees and staff with or without significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom Symphony Learning Trust may purchase goods or services. The register is open to public inspection.

The register includes all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with Symphony Learning Trust.

The disclosures also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

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

Gifts & Hospitality from parents or external providers:

Ordinarily gifts and hospitality should be rejected. Small “thank you” gifts of token value (e.g., diary, mug, calendar) may be accepted.

Any gifts or hospitality in excess of £20 must be reported to the Head Teacher in order to protect the individual receiving the gift (See Appendix I for Register Template). This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions, or regularly receives reimbursement from the school for items other than travel expenses.

Gifts should be refused if it is believed the giver has an ulterior motive such as the receipt of a prompter service, preferential rates or treatment.

Gifts or hospitality should never be accepted from anyone who is, or may be in the foreseeable future, tendering for any contract with the school, seeking employment with the school or is in dispute with the school, even if the intended recipient is not directly involved in that service area.

Where items purchased for the school include a “free gift”, such a gift should either be used for school business or handed to the Head Teacher to be used for charity raffles.

If there is any doubt about the acceptability of any gift or offer of hospitality the Head Teacher must be consulted.

Gift or Hospitality offered to an employee by a school within Symphony:

Gifts and hospitality may be given to an employee if deemed appropriate, up to the value of £50, for what is called a “Trivial Benefit” e.g., get well, thank you flowers and wellbeing/moral boosters such as Easter Eggs, ice creams and/or Christmas etc.

However, there are HMRC rules on amounts paid out to employees over £50, as it becomes a taxable benefit and payroll noted for a P11D. Vouchers given to employees for any amount cannot be exchanged for cash and the staff member advised.

This excludes long service awards, which fall under different HMRC rules and are exempt from this process.

Gifts and hospitality allocated to unrestricted funds only.

If you have any queries, please speak to the CFO.

Inter MAT transactions

All schools within Symphony operate on an individual basis, however, for Statutory and ESFA reporting purposes these individual accounts must be able to be consolidated to give a total financial position for the trust.

This is both a time consuming and complicated process which is performed by the Central Team on behalf of Symphony Learning Trust.

In order to ensure that this process is as efficient as possible it is essential that all transactions which take place between both individual schools within Symphony and a school are identified on specific ledger codes.

Examples of these types of transactions are:

- Staffing recharges between two schools where one school owns the staff contract but the staff member works across more than one school.
- Recharges from central for a group service where each school pays an appropriate proportion.
- Re-imburement invoices issued by a school to Symphony regarding funding held centrally or vice versa In these cases, the costs are incurred by the individual schools and both the income and expenditure must be identifiable.

Any schools requiring further information on the ledger codes that should be used should contact the Trust Finance and Ops Lead before processing either income or expenditure.

Related Party transactions

For Statutory reporting purposes, it is important that any transactions with Related Party companies identified easily through the Trial Balance.

Academy trusts **must** be even-handed in their relationships with related parties by ensuring that:

- Trustees comply with their statutory duties as company directors to avoid certain conflicts of interest, not accepting benefits from third parties, and declare interest in proposed transactions or arrangements;
- all members, Trustees, local Governors of academies within a MAT and senior employees complete the register of interests, in accordance with sections 5.44 to 5.47 of the AFH;
- no Member, Trustee, local Governor, Employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust;
- there are no payments to Trustees by the Trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are

made to other business entities who employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest;

- the Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a Trustee;
- payments provided to the persons referred to in section 5.48 satisfy the 'at cost' requirements as set out in Section 16.

The Board of Trustees must ensure requirements for managing related party transactions are applied across the Trust. The Board Chair and the Accounting Officer must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the 7 principles of public life.

Trusts must recognise that some relationships with related parties may attract greater public scrutiny, such as:

- transactions with individuals in a position of control and influence, including the board chair and accounting officer;
- payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors;
- relationships with external auditors beyond their duty to deliver a statutory audit;

The Trust must keep sufficient records, and make sufficient disclosures in their annual accounts, to show that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector. Reporting and approval of related party transactions.

Trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

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

For the purposes of reporting to, and approval by, ESFA contracts and agreements with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll. Find out more about reporting related party transactions to ESFA and obtaining approval.

Approval of novel, contentious and/or repercussive related party transactions

Novel, contentious and/or repercussive related party transactions are subject to separate arrangements. Trusts must obtain ESFA's prior approval for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value. Approval must be sought using ESFA's enquiry form, not through the related party on-line form. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the Board Chair and/or the Accounting Officer.

COVID 19

See separate policy Finance Policy Addendum for COVID 19, found on the SLT Website and all schools have a COVID 19 section on their individual websites.

Appendix A: Limits of Financial Expenditure Delegation

The limits of financial delegation stated here reflect the maximum limits approved by the Board of Trustees. Local Governing Bodies may determine lower limits should they feel this to be appropriate, recording their decision as an addendum to the school's Finance Manual.

Academy Trust – Central Authorisation Limits

Expenditure Limits

School Business / F&O Lead	Up to	£10,000
Accounting Officer, CEO or CFO	Up to	£20,000 (was £10,000)
Trust Finance Committee	Up to	£50,000
Board of Trustees	Over	£50,000

Cheque Signatories – Single Trust Mandate - All cheques require two signatories

Any two signatories	Upto	£25,000
Chair or Vice-Chair of Trustees plus one other signatory	Over	£25,001

BACS Authorisation – Paperwork signatures required

Two signatories	Up to	£15,000 (per recipient)
Chair or Vice-Chair of Trustees plus one other signatory	Over	£15,000 (per recipient)

BACS Online System Approvers

One Approver	Up to	£10,000 (per BACS file)
Two approvers, one of whom can be the CFO	Over	£10,001 (per BACS file)
Two approvers, one of whom should normally be the Chair or Vice Chair of Trustees or CFO	Over	£20,000 (per BACS file)

Inter Account Transfers (online)

One Approver	Up to	£10,000 per transfer
Two approvers one of whom can be the CFO	From	£10,001 to £20,000 per transfer
Two approvers, one of whom should normally be the Chair, Vice Chair of Governors, Trustees or CFO	Over	£20,001 in a single transaction

Virement Limits

Accounting Officer, CEO or CFO	Up to	£10,000
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Trust Finance Committee	Up to	£50,000
Board of Trustees (and notify ESFA if significant)	Over	£50,000

Writing Off Bad Debts

Accounting Officer or CEO	Up to	£1,000
Board of Trustees and approval from ESFA	Above the amount in annual funding letter, or as per delegated limits – Academies Financial Handbook	

Disposal of Surplus Stock, Stores & Assets (estimated value)

Accounting Officer/CEO	Up to	£250
Board of Trustees	Over	£6,000
Board of Trustees (and notify ESFA if significant)	Freehold land & buildings /heritage assets as per Academies Financial Handbook	

Other Monetary Limits

<u>Mileage Allowance</u>	HMRC approved rate
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Individual Schools - Authorisation Limits

Expenditure Limits

Premises Officer/Site Manager (emergency minor building repairs)	Up to	£500
Budget Holders	Up to	£1,000 or available budget, whichever is lower
School Bursar / Finance Officer / Business Manager	Up to	£10,000
Head Teacher / Head of School	Up to	£15,000
Chair of LGB / Chair of Finance Committee	Up to	£20,000
Local Governing Body / Finance Committee	Up to	£30,000
Trust Finance Committee	Up to	£50,000
Board of Trustees	Over	£50,000

Cheque Signatories – Single Trust Mandate - All cheques require two signatories

Any two signatories	Up to	£25,000
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Chair or Vice-Chair of Trustees plus one other signatory Over £25,001

BACS Authorisation – Paperwork signatures required

Two signatories Up to £10,000 (per recipient)

Headteacher plus one other signatory Up to £15,000 (per recipient)

Chair, Vice-Chair, Trustee or Governor plus one other signatory Over £15,001 (per recipient)

BACS Online System Approvers

One Approver Up to £10,000 (per BACS file)

Two approvers one of whom can be the CFO Over £10,001 (per BACS file)

Two approvers, one of whom should normally be the Chair, Vice Chair of Governors, Trustees or CFO Over £20,000 (per BACS file)

Virement Limits

Head Teacher / Head of School Up to £10,000

Local Governing Body / Finance Committee From £10,001 to £ £50,000

Board of Trustees (and notify ESFA if significant) Over £50,000

Writing Off Bad Debts

Head Teacher / Head of School Up to £1,000

Local Governing Body / Finance Committee Over £1,000

Board of Trustees and approval from ESFA Above amount in annual funding letter, or as per delegated limits – Academies Financial Handbook

Disposal of Surplus Stock, Stores & Assets (estimated value)

Head Teacher Up to £1,000

Local Governing Body / Finance Committee From £1001 to £ 6,000

Board of Trustees Over £6,000

Board of Trustees (and notify ESFA if significant) Freehold land & buildings/heritage assets as

Other Monetary Limits

Mileage Allowance

HMRC approved rate

Safe Cash / Cheque Limits

(as per insurance cover)

Cash	£ 3,000
Cheques (recorded at point of receipt)	£ 5,000
Monetary Instruments (i.e. stamps, vouchers, etc)	£ 500

Asset Register

Capitalisation Limit	Over £ 1000
Attractive Portable Items	Over £ 500 or less if desirable

Appendix B – Terms of Reference – Academy Trust Board and Local Governing Bodies

Academy Trust Board and any Sub-Committees

Local Governing Bodies

Each schools Terms of Reference for Sub-Committees of their LGB as an addendum are on the individual schools' website.

Trustees/Governors have a finance lead on the Board/LGBs and must ensure that Trustee/LGB skills audits are undertaken annually.



Budget Holders

Budget Holders Name:

Budget Holders Job Role:

Budget Name, e.g. Curriculum, Admin etc:

Budget Amount *(this amount may change as the budget is revised):*

Please sign to accept you have read and understood the following information relating to the Budget Holders Roles and Responsibilities:

- Staff may order goods and services from whatever reputable source they see fit, but will be expected to take into account quality and value for money.
- An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.
- Orders must be completed in accordance with the following procedures:
 - Authorised by designated staff only;
 - Show actual/prices on the order form;
 - Send to the supplier via the Finance Officer;
 - If placed by telephone, a written copy of the order with estimated prices must be given to the Finance Officer;
 - Telephone orders should be followed up by a confirmation order by the next working day if possible.
- Card orders must only be placed by using the school procurement card and will need approval of the Head Teacher/Finance Officer or SBM prior to the purchase.

As a budget holder you will receive periodic updates relating to your subject / department budget(s).

It is your responsibility to monitor and manage your budget to ensure that you do not over spend the available funds and you may request a budget breakdown from the School Finance staff member at any time.

Staff must not use their personal credit/debit card, cash or banking facilities. If there is an exceptional reason as to why a staff member needs to use their personal banking facilities, authority must be obtained from the Executive Head/Head Teacher/SBM.

Signed:

Name:

Date:

SBM/Finance Officer/Finance Manager/Bursar to ensure this form is signed and a copy kept for our records.



Appendix D – Declaration of Business and Pecuniary Interests

Name of Trustee/Governor/Member/Staff			
PECUNIARY INTERESTS			
Category	Please give details of the interest		
Current employment.			
Businesses (details of all businesses in which I am a partner or sole proprietor).			
Company Directorships – details of all companies of which I/ am a director.			
Charity Trusteeships – details of all charities of which I am a trustee.			
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management.			
Gifts or hospitality offered to you by external bodies while acting in your position as a trustee of NGA and whether this was decline or accepted in the last 12 months.			
Any other conflicts of interest not covered by the above.			
PERSONAL INTERESTS			
Details of business interests, company directorships and trusteeships of immediate family (to include spouse/partner, siblings, children and parents or some other person with whom you have a close connection):			
Name of person	Relationship to me	Name of Organisation	Nature of the interest

GOVERNANCE INTERESTS

If you are a governor or trustee of any other schools and/or academies, please provide details below:

Name of school/academy	Position held	Date appointed or elected	End of term date

To the best of my knowledge the information supplied above is correct and complete. I undertake to advise the Head Teacher or CEO if any of the above information should change or if I become interested in any way that creates a potential conflict of interest with my position as a trustee/governor/member/staff. I agree to review and update this declaration annually. I give my consent for this information to be used for the purposes described in the charity's conflicts of interest policy and for no other purpose.

Signed:

Date:

Guidance notes

In the declaration, you must provide details relating to:

- Your ownership or partnership of a company or organisation which may be used by the trust/school to provide goods or services;
- Goods or services you offer which may be used by the trust/school;
- Any close relationship you have to someone who satisfies either of the above;
- Any close relationship you have to someone who is employed by the trust/school, is a trustee or member.

Declaring your conflicts of interest is a legal requirement. If you have no interests to declare you must submit the form with a 'NIL' return.

Business interests

A business interest is the involvement of an individual or their family members in any trade or profession, along with any direct interest they may have in any company providing goods or services to the school.

Pecuniary interests

It is a common misconception that pecuniary interests are the same as business interests; however, pecuniary interest is a wider term. Pecuniary interests include personal financial interests, such as involvement in a trust fund or investment, as well as potential interests, for example, where a member of staff's husband is applying for a vacancy in the school or where a staff/staff governor is involved in the decision over the promotion of a colleague, or where they may be a potential candidate for the post made available.

Generally, governors/staff should not participate in any discussions in which they may directly or indirectly benefit from a pecuniary interest. A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision of the governing board. Both direct and indirect interests must be declared.

Non-pecuniary interests (Conflicts of loyalty)

There may be a non-pecuniary interest whereby the governor/staff does not stand to gain any benefit but a declaration should still be made. For example, this might be where a governor has a family member working in the school. While the governor/staff might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

Unforeseen conflicts of interest

It is acknowledged that interests may not always be clear in advance. Any individual governor/staff who may have an interest in a matter, which is due for discussion at a meeting, should declare it at the beginning of the meeting. Any such statements should be formally recorded within the minutes of that meeting. As such, declaration of interests should be a standard agenda item at every meeting (governing body and committee meetings).

Responsibility for maintaining the register

The clerk to the governing body/SBM will normally be asked to maintain a register of pecuniary and business interests. However, it is the responsibility of each individual governor/staff to declare their interest and the chair of governors/SBM has the overall responsibility to ensure that all governors/staff complete/update it.

Only Governing bodies must maintain a register on the school's website.

The Head Teacher or SBM will retain copies of the pecuniary Interests forms.

Appendix E – Financial Calendar

September November	<ul style="list-style-type: none">• Preparation of accounts for previous financial year.
September	<ul style="list-style-type: none">• End of year Journals processes into SIMS Finance.
October November	<ul style="list-style-type: none">• In year and 3-year budget is reforecast and submitted to LGBs and Trustee Finance & Audit & Full Trustees for approval.
November December	<ul style="list-style-type: none">• Presentation of accounts to Local Governing Body / Academy Trust Board.
December	<ul style="list-style-type: none">• Accounts for previous financial year submitted to ESFA by 31st December.
January	<ul style="list-style-type: none">• Finals year end Journals from previous financial year entered onto SIMS Finance (as advised by accountants).
March	<ul style="list-style-type: none">• GAG for next financial year received from ESFA.
March – May	<ul style="list-style-type: none">• Preparation of draft annual budget for next financial year and medium-term budget plans for at least the next 3 years.
April	<ul style="list-style-type: none">• In year and 3-year budget is reforecast and submitted to LGBs and Trustee FAC for approval.
June	<ul style="list-style-type: none">• Presentation of draft annual budget to finance committee for agreement, then to full Local Governing Body and Academy Trust Board for Approval (to be minuted).
July	<ul style="list-style-type: none">• Submission of BFR budget forecast to ESFA by 31st July.
August	<ul style="list-style-type: none">• Budget plans entered onto SIMS Finance for next financial year.
Year round	<ul style="list-style-type: none">• Ongoing budget monitoring.

This is for guidance as dates and timescales do change from time to time.

Appendix F – Forms of Tender

There are three forms of tender procedure: open, restricted and negotiated, dependent on the circumstances:

- **Open Tender** is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Officer how best to advertise for suppliers, e.g., general press, trade journals or to identify all potential suppliers and contact them 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** is where suppliers are specifically invited to tender, and is appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs;
 - A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements;
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender** is where the terms of the contract may be negotiated with one or more chosen suppliers, and is only appropriate in specific circumstances where:
 - The above methods have resulted in either no or unacceptable tenders;
 - Only one or very few suppliers are available;
 - Extreme urgency exists; or
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to

- The objective of the project;
- Overall requirements;
- Technical skills required;
- After sales service requirements;
- Form of contract.

It may be useful after all requirements have been established to rank requirements (e.g., mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used and invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include:

- Introduction / background to the project;
- Scope and objectives of the project;
- Technical requirements;

- Implementation of the project;
- Terms and conditions of tender; and
- Forms of response.

Aspects for Consideration

To be read with direct reference to the school's Best Value Policy:

- 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.

Tender Acceptance Procedures

Tenders should be submitted in plain envelopes clearly marked to indicate that they contain tender documents. Tenders may also be e-mailed to the school e-mail address (i.e., not to a named individual). Tenders received after the submission deadline should not normally be accepted.

Tender Reviewing Procedures

All tenders submitted should be reviewed, in accordance with the Procurement Policy, at the same time and the tender details should be recorded. 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. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record should be signed by both people present at the tender opening.

Full records should be kept of all criteria used for evaluation. The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

Appendix G – Non-Business and Business Activity

Operating a state funded school is a non-business activity for VAT purposes (outside the scope of VAT).

Other activity, not related to the core purpose of state education, is considered "business activity", and is likely to be a combination of tax-exempt business activity and taxable business activity.

Academy Trusts must register for VAT where the value of their taxable business activity exceeds the VAT registration threshold on a rolling 12-month period.

Overview of likely income streams

Non-Business DfE grant income provided to Academies for the provision of free (non-fee paying) education and closely related supplies qualifies to be treated as non-business income and outside the scope of VAT. Supplies of examination services (setting and marking exams or assessments) for a fee are VAT exempt. Goods and services closely related to the provision of education, and sold to the pupils at or below cost are non-business and thus outside the scope of VAT (e.g., accommodation, catering, transport, school trips).

Other Income

Academies may have "business" income which may be subject to VAT at the standard rate zero rate or exempt from VAT in some cases. The VAT liability depends on the individual circumstances of the transaction. The following items are generally deemed to be "taxable" activities:

- sales of goods from school shops;
- sales from vending machines;
- sales of school uniforms and sports clothing (zero rating generally applies to pupils under 14);
- supplies to staff and to non-students;
- admission charges to plays, concerts, dances, exhibitions (may be exempt if they are "fund-raising events");
- car parking fees;
- advertising income;
- charges for catering to staff and other non-students (subject to certain criteria in relation to special needs);
- commission for allowing third-party organisations to sell goods at an educational establishment;
- photocopying;
- school photographs;
- educational consultancy fees.

School trips

School trips, holidays and sporting courses are included in the definition of education. Contributions from parents are outside the scope of VAT provided these trips are charged at or below cost. Where the school charges out at a profit, it would be subject to the Tour

Operators" Margin Scheme (TOMS). VAT is calculated on the margin rather than on the selling price, and the margin counts towards the VAT threshold of £73,000.

If the school uses a travel company, the school is acting as an agent, collecting and holding monies on behalf of the pupils. This is a complex area for VAT purposes and advice should be sought on this matter.

School uniforms

These sales are standard rated or zero rated. A uniform sale for a school applying exclusively to pupils under 14 years, which is badged or printed with the identity of the school, is zero rated.

School publications

Supplies of e.g. books, brochures, pamphlets, leaflets, journals etc are zero rated.

Lettings

Generally, lettings that do not require the use of sports facilities are exempt supplies, but events involving the use of facilities such as a swimming pool are generally standard rated. There are exceptions for a series of lets. Lettings of sports facilities may be exempt from VAT if:

- a) the facilities are let for a series of sessions provided all the following conditions are met
- the series consists of ten or more sessions;
 - each session is for the same sport or activity;
 - each session is in the same place;
 - the interval between each session is at least a day and not more than 14 days;
 - the series is paid for as a whole and there is written evidence to this effect;
 - the letting is to a school, club, association or an organisation representing affiliated clubs or associations;
 - the person to whom the facilities are let has exclusive use during the sessions.

or

- b) it is for a single letting of sports facilities for a continuous period of over 24 hours to the same person.

or

- c) the sports facilities are let for purposes other than sport.



Appendix H – Declaration of Self-Employed Person

School:

.....

Name:

.....

Address:

.....

.....

.....

NI Number:

.....

I declare that I am registered with the Inland Revenue as being self-employed. I agree that it will be my responsibility to inform the Inland Revenue of any payment that I receive from the above school.

I have provided a copy of my Public Liability Insurance.

An IR35 form will be completed by the office staff via the self-employment HMRC portal, to ensure you comply with the self-employment rules for non-payroll payments.

Signed:

.....

School:

.....



Appendix I – Business Case for funding projects from Reserves & SCA Funding FAO Trustees

Project Title:	
Business Case completed by:	
School	
Date completed:	
PROBLEM STATEMENT/PROJECT	
A.	What is Item/Service/Project is requiring attention?
B	What impact is this currently having? Include details of any costs if relevant.
PROJECT OVERVIEW	
C.	What is the recommended solution/project?
D.	What benefits will the project bring? Include details of any return of investment.
E.	If funding from reserves is required? Full costs, how much is required, how the reserves balance is affected, amount and % reduction and include details of any return of investment
	<ul style="list-style-type: none"> • Opening Reserves Balance 1/9/22 & % of GAG • Committed Reserves (amount and project name) remaining % Reserves of GAG • New Project (amount and project name, how much is reserves and/or paid by the school) remaining % Reserves of GAG • Closing Reserves Balance & % Reserves of GAG
F.	Funding from SCA, how much is self-funded and % from SCA
	Total cost of project: School Contribution: SCA Funding: Project Manager AOB
G.	How will the project be managed? Factor any internal support required to support the project if relevant and Include details and cost of any external project management services.

COST BENEFIT ANALYSIS	
H.	Estimated total cost of project (excl VAT)
I.	Estimated timeframe for project completion
J.	What alternative options are available (inc costs)?
K.	Detail company names and quotes received, preferred supplier and reasons: see Finance Policy
TRUSTEE COMMENTS, APPROVAL DECISION and Date Approved	

 Appendix J – Gifts and Hospitality Register – Items valued over £20

School Name:

Date	Staff Member receiving gift	Item/s received	From (name & relationship e.g. pupil)	Estimated value