

YEAT FINANCIAL MANAGEMENT POLICY

Vision Statement

We firmly believe in celebrating and preserving the diversity within our member academies, whilst ensuring that all of our people, pupils, staff, parents and carers have access to the very best opportunities, with real and effective tangible outcomes to enable them to exceed their expectations and fulfil their potential.

Document Status

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Links to other policies

- Gifts and hospitality
- Charging and remissions

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Annex A – Terms of Reference for YEAT Finance, Resources, Audit and Risk Committee

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AIMS:

It is the aim of the Board of Trustees to ensure that all financial resources made available to the schools are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which YEAT schools and individual members of the school staff and the Board of Trustees and Local Governing Bodies can achieve this.

This policy conforms to the requirements of the funding agreement between YEAT and the DfE and to the Academies Financial Handbook.

GUIDELINES:

Financial decisions will be made after consideration of:

- a) the needs of the pupils/students and staff of the schools;
- b) the conditions and requirements as laid down in the funding agreement and Academies Trust Handbook;
- c) the need to support and deliver the National Curriculum together with any additional elements as agreed by the Board of Trustees;
- d) the financial resources delegated to the schools; and
- e) the priorities as identified in the costed YEAT development plan.

ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

ROLES AND RESPONSIBILITIES

1. The Board of Trustees

The Board of Trustees has a statutory responsibility to oversee the financial management of the school and to ensure adherence to the funding agreement with the DfE and the Academies Financial Handbook.

The Board of Trustees recognises the importance of clearly defining the roles and responsibilities of its committees, the Local Governing Bodies, Headteachers and other staff.

2. Finance, Resources, Audit and Risk Committee

The Finance Resources Audit and Risk Committee will consist of 2 trustees, the CEO, the AO, CFO and will work to the agreed terms of reference at Annex A.

The FRAR will meet at least once a term and will consider, as a minimum:

- a) Financial monitoring statements for the Trust (YEAT level)
- b) The consolidated YEAT budget and long term financial forecast
- c) Cashflow forecasts
- d) The annual financial statements
- e) School Resource Management
Self-Assessment Tool
- f) Key risks and agreed mitigating actions
- g) The auditor's management letter

The FRAR Committee will submit a brief summary report to the full Trustee Board at least once per term.

3. Accounting Officer

The Accounting Officer is appointed by the Board of Members. They are personally responsible to Parliament and the EFSA's Accounting Officer for assuring the Board of Trustees that there is compliance with the Academies Financial Handbook, the funding agreement and all relevant aspects of company and charity law.

This responsibility includes ensuring regularity, probity and value for money in all transactions of YEAT.

4. School Local Governing Body (LGB)

Each school's Local Governing Body (LGB) will have a finance committee or equivalent which will have responsibility to ensure that YEAT finance policies are implemented at the school level. They will meet at least once a term to consider:

- a) Financial monitoring statements for the school
- b) School's budget and long term forecast

The School LGB will submit a brief summary report to the FRAR at least once per term.

5. The Headteachers

The Headteachers are responsible for:

- a) the detailed preparation of an annual school budget which addresses the strategic aims and targets established both at YEAT and the school level;
- b) the day to day management of the school budget under the Scheme of Delegation as set out at Annex B and approved by the Board of Trustees; and
- c) ensuring the effective operation of the administrative functions impacting on finance within the school, to include:
 - i. the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
 - i. ii. the adherence to the funding agreement and Academies Financial Handbook;
 - iii. the establishment of systems to ensure that financial control is maintained at all times, in line with YEAT policy, including procedures in the absence of key staff; and
 - iv. the maintenance of appropriate documentation and transactional records.

6. YEAT Central Finance

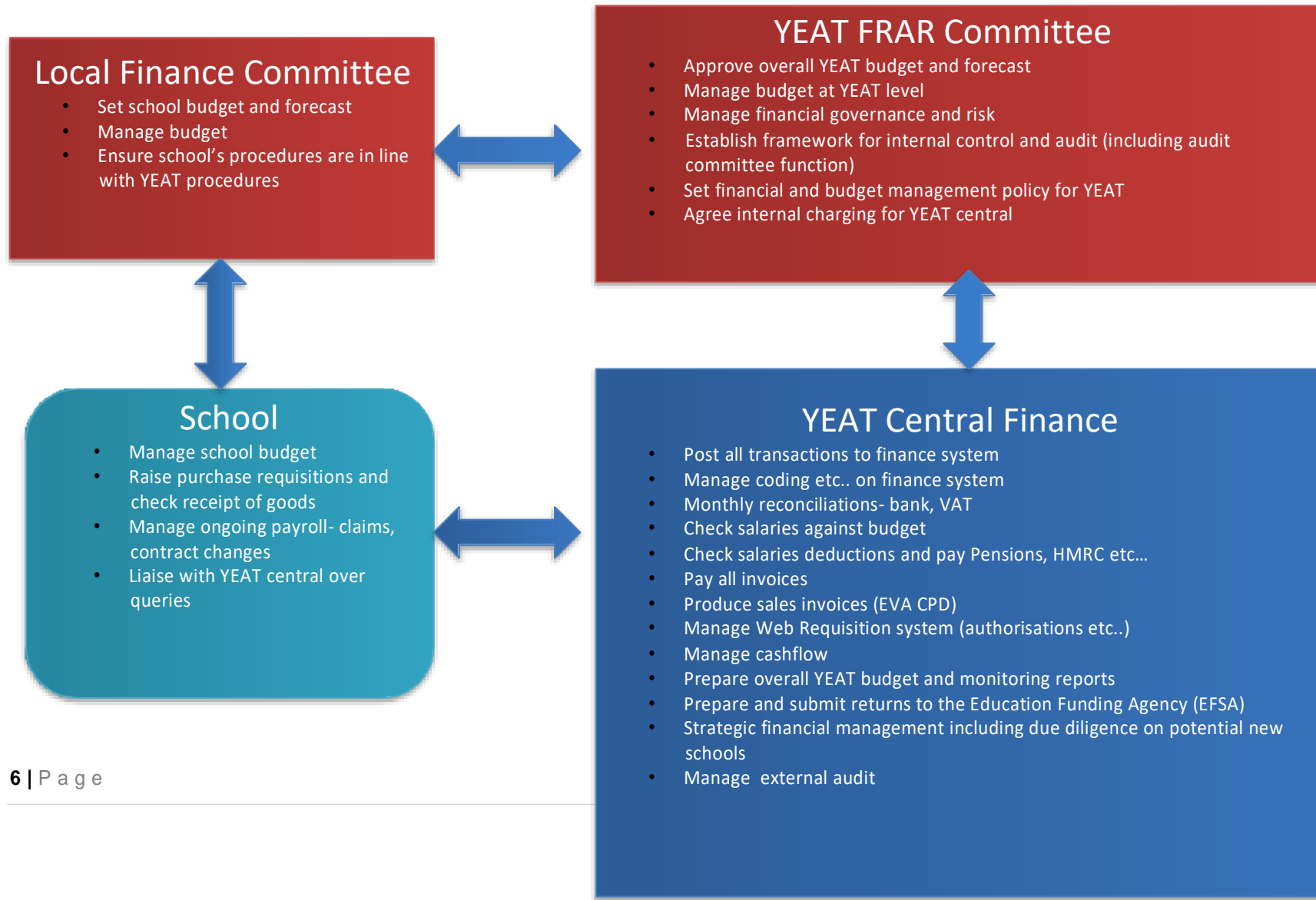
The YEAT Central Finance Team will have responsibility for the day to day running of the computerised finance system. In addition, the central finance team will have responsibility for:

- a) the preparation of the YEAT level annual budget and longer term spending plans (consolidating information from each of the schools)
- a) the maintenance of computerised records of income and expenditure in line with the Academies Accounts Direction and charities Statement of Recommended Practice (SORP);
- b) the checking and reconciliation of the school's financial records including reconciliations for bank, purchase ledger and sales ledger when appropriate
- c) the undertaking of monitoring procedures and the production of regular monitoring statements for the YEAT FRAR

The respective roles of school and YEAT are summarised in the following diagram:

Respective roles of YEAT and individual schools

YEAT Finance- key responsibilities



PECUNIARY AND OTHER BUSINESS INTERESTS

Trustees, Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

The Register will be:

- a) annually reviewed;
- b) maintained for any in-year changes as notified; and
- c) made available for inspection by Trustees, Governors, staff, parents and the Local Authority.

The information in the register is taken into account whenever buying or staffing decisions are made. Any trustee, governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any trustee, governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

The minutes of the Trustee and Governor meetings where buying decisions can be influenced will record any interests as a standing agenda item.

Trading with Connected Parties

YEAT will pay no more than cost for goods and services provided to it by any member/ trustee of the Trust or any company, individual or organisation connected to a member/ trustee.

Services provided by individuals or organisations connected to the trust must be provided at 'no more than cost' on the basis of open book agreement and supported by statements of assurance in line with the Academies Financial Handbook.

Novel / contentious transactions

Any transaction which is outside the range of normal business activity or may be viewed as contentious will be referred to the EFSA for prior authorisation. Details of transactions which are novel or contentious are included in the Academies Financial Handbook.

Staff Provisions Policy

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches/pizza at the headteacher's discretion. Modest hospitality is occasionally provided outside the workplace. Each School Administrator maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

MANAGING THE BUDGET

1. Aims and Objectives

The LGBs/ FRAR together with the Headteacher will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the School Development Plan. In addition to the educational priorities for YEAT, this will take account of the building and repair maintenance programme and repair and renewals programmes for furniture, fittings and equipment.

Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals within the School Development Plan.

It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

Pooling of Resources

Any item bought on behalf of YEAT to ensure economy of scale will be charged back to individual school budgets based upon pupil numbers. Appeals can be made to the FRAR.

2. Budget Timetable

The Headteachers (or their delegated representative) will prepare financial information for consideration by their Local Governing Bodies and submit it to the FRAR for consolidation and agreement across YEAT:

Date	Action / Response
March/April	General Annual Budget allocation for the next financial year available from the ESFA.
Spring term	Monitoring current budget and produce Revised Budget.
May/June	Headteachers/ local school staff/ CFO prepare individual school budgets and agree with LGB for submission to YEAT.
June	YEAT level budget prepared including discussion where appropriate with individual schools
June	EFSA produces format for annual budget forecast
July	YEAT Budget agreed by FRAR and submission made to EFSA for the 3 year budget
August	Year end
Autumn	Year End Audit and preparation of accounts.
December	Financial statements sent to EFSA
January	Financial statements for previous year on website

The local Governing Bodies **will not** submit a deficit budget unless there are exceptional circumstances and advice and written agreements have been received by the YEAT board of trustees

Budget monitoring reports will be considered by the FRAR and individual LGBs at least once a term with a brief report to the Full LGBs and YEAT Board.

Efficiency & Value for Money

The Schools in conjunction with YEAT Central will seek to achieve efficiencies and value for money to optimise the use of financial resources and to invest in teaching and learning.

3. Financial Benchmarking

The Headteacher (or their representative) will prepare for consideration by the LGBs/FRAR financial benchmarking comparisons on an annual basis each Spring Term. The benchmarking data will be extracted for similar schools from either the local financial benchmarking database for North Yorkshire schools or the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

4. Review of Contracts for Services

The FRAR will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed. To assist in this process the Headteacher or their representative will prepare a schedule of service contracts to include values and renewal dates in order that priorities for review can be determined. Where possible, a review of contracts for similar services will take place at the YEAT level to establish whether any economies of scale can be made by a central YEAT contract. After each review the FRAR will make recommendations to the Board of Trustees.

5. Standards of Financial Management

The Board of Trustees will have regard to any Standards of Financial Management endorsed by the DfE to self-evaluate the quality of financial management processes and to aid in training staff to become better financial managers.

Level of Balances

The YEAT FRAR Committee will annually review the balances situation of the schools and make recommendations to the Board of Trustees. In making its recommendations, the FRAR will indicate an optimum level of balances which has regard to the specific issues facing the schools whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

The Finance/Resources Committee will have regard to any balance limits placed on schools by the DfE.

6. Virement Procedures

Requests by the Headteacher for the virement of funds outside the scope of the Scheme of Delegation to the Headteacher will be considered by the FRAR Committee and be subject to their minuted approval.

7. Quality of Information

Trustees and Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

8. Extended Activities

The Local Governing Bodies will discuss, decide and agree with FRAR their intention to use school budget funding to support the provision of extended school activities. Eg school nurseries

9. Capital Expenditure and Fixed Assets

The LGBs will give consideration to the use of the devolved capital allocations available to their school in the light of the priorities identified in the School Development Plan and then make recommendations to the FRAR.

All assets purchased over £5000 will be capitalised and depreciated in line with the fixed assets policy.

10. Documentation and Retention of Records

All financial systems and procedures carried out will be in accordance with the terms of the funding agreement, the Academy Trust Handbook, the, Scheme of Delegation and the YEAT Finance Procedures Manual. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the legal requirements.

11. Purchasing

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of public sector negotiated procurement framework agreements.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved and where a single purchase of more than £5,000 is involved, quotations will be sought from at least 3 suppliers and Governors consulted before a purchase is made, unless the supplier is part of a recognised procurement framework. Where a single purchase is over £30,000, YEAT board (FRAR) must be consulted.

For high value purchases (over £40,000) a detailed specification giving precise details about the goods or services required must be completed. The tendering process must be followed – details are in the financial procedures handbook.

The YEAT Board requires that staff will follow official ordering procedures at all times and the Sage purchase requisition will be used to generate orders. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the school's computerised financial system. Orders made on-line should also be followed by an official order.

12. Purchasing Cards

YEAT is using charge cards provided by the bank. These are automatically cleared on a monthly basis to avoid any debt. Cards must only be used to procure goods and services on behalf of the school. They must not be used to obtain cash or for personal transactions. Any purchases must be authorised by the budget holder.

13. Procedures and Security

The school will make use of a computerised financial monitoring package. Data will be input on a regular basis including financial commitments made by the school. Information will be reconciled to the school bank statements every month.

Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable.

Security passwords will be maintained on the computer and documentation will be kept in a secure location.

Regular backups will be made of the information held on the computer with the backups stored securely and separately from the computer. Back up arrangements are in place with an off site cloud based back up facility.

14. Security of Stocks and Equipment

An inventory of stocks and equipment held in each school will be maintained and checked on an annual basis.

The YEAT Board will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets (see Insurance section below)

A register will also be maintained of equipment removed from schools for use off-site and when it was returned.

The Head teacher of each school will authorise all write-offs and disposal of surplus stocks and equipment up to a value of £500, the LGB write-offs over £500 to £1000 For write-offs above £1000 approval from FRAR committee must be sought.

Where disposing of freehold land or buildings, or heritage assets (as defined in the Academies Financial Handbook) EFSA approval will be sought prior to the disposal.

When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

15. Insurance

Insurance has been obtained through the Academies Risk Protection Arrangements (RPA). The cover provided by the RPA will be reviewed annually to ensure it meets the insurance needs for YEAT.

The LGBs will consider the purchase of additional voluntary insurance such as staff absence insurance.

16. Income

The YEAT Board will implement a charging and remissions policy for school activities which will be made publically available on the YEAT and school websites. Steps will

be taken to ensure the early collection of income due and receipts issued and records will be kept.

The schools will operate an online income collection system.

The writing off of debts will be undertaken in line with the Academies Financial Handbook:

- a) For debts up to £500 in value, the Headteacher will approve. From £500-£1000 the local governing body must approve.
- b) For debts over £1000, the approval of the YEAT accounting officer must be sought (further to the endorsement of the Governing Body to do so).
- c) Where a debt is greater than 1% of total income, (or £45,000, whichever is lower) prior approval from the EFSA is required

YEAT and the Esk Valley Alliance will develop and sell products including, for example, training programmes and materials and consultancy support to individual schools. Products will be focused on implementing the Business Plan. Esk Valley Alliance will approve its own regular use Suppliers for its own educational purposes.

Processes will be put in place to ensure all sales are identified (for example, course attendees) and invoiced in a timely manner. Where appropriate, a Third Party Event Management Organisation may be used to provide course booking processes.

Remittances for all income received from NYCC will be received by the YEAT central finance team email.

All income will be entered centrally on the computerised financial system.

17. VAT Returns

VAT 126 claims will be made promptly and accurately (at least annually) using the computerised financial system. VAT requirements will be reviewed on an ongoing basis to monitor the need to register for VAT.

18. Staffing

The FRAR will be responsible for the Pay Policy across YEAT. The FRAR will seek, over time, to synchronise the policies of all member schools, having regard to TUPE requirements. The LGB and headteachers will consider appointments, terminations, promotions and performance management as necessary with the exception of headteacher appointments which will be made by the YEAT Board.

19. Computer Systems

YEAT will maintain approved software for the administration of financial records.

The schools have been registered in accordance with the Data Protection Act 1998. All data handling procedures undertaken by the schools are in accordance with recommended practices for data security and information governance.

20. Internal control and risk management framework

YEAT FRAR will implement a cross MAT internal control framework that recognises public expectations about governance, standards and openness.

The internal control framework must include:

- co-ordinating the planning and budgeting processes
- applying discipline in financial management including managing banking and cashflow, with appropriate segregation of duties
- preparation of term time monthly budget monitoring reports
- ensuring that delegated financial authorities are respected
- effective planning and oversight of any capital projects
- the management and oversight of assets
- the propriety and regularity of financial transactions

- reducing the risk of fraud and theft
- ensuring efficiency and value for money in the organisation's activities
- a process for independent checking of financial controls, systems, transactions and risks

Risks will be managed in accordance with the YEAT Risk Management Policy.

A process will be in place to check financial systems, controls, transactions and risks. This process will be overseen by FRAR as part of their 'audit committee' responsibilities and will include the appointment of an internal audit service.

21. Counter Fraud Arrangements

YEAT will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The YEAT Board will ensure that it has adopted a whistle-blowing policy and, along with the Headteacher, must inform all staff of all school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction of new school staff, Governors and Trustees. Any instances of fraud or theft above £5000, whether by employees, trustees or third parties must be reported to the ESFA.

22. Audit

YEAT will be subject to an annual external audit and a regularity and propriety audit. Financial statements will be prepared in accordance with the Academies Accounts Direction relevant to the accounting year.

YEAT FINANCE, RESOURCES, AUDIT AND RISK COMMITTEE (FRAR)

TERMS OF REFERENCE

Membership: To consist of no fewer than three trustees including the Chair or Vice Chair of Governors and relevant members of school leadership team, specifically the Business Manager and other members of the finance staff.

The quorum is a minimum of three Governors.

Meetings: One per term, at a minimum

Terms of Reference:

- To oversee the annual budget setting.
- To propose the annual budget to the Trustees and regularly report to the Trustees on all financial matters.
- To regularly monitor income and expenditure against budget. Including reporting of any significant budget amendments.
- To review and monitor all policies under the scope of the Finance, Resources and Audit Committee, as delegated from the Board of Trustees.
- To ensure compliance with the Finance Policy (consultation on awards of contracts over £50,000) Value for Money Statement and Academies Financial Handbook and ensure that academy financial control systems are robust.
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook.
 - To approve; opening and operation of academy bank accounts; authorised signatories; transfers between accounts; operation of credit cards; payment system controls including BACS.
 - To review the annual report and accounts and recommend for approval to the Members and board of Trustees
 - To approve improvement plans and actions relating to the finance and premises area.
 - To ensure a strategic financial view of income, staffing, other expenditure and capital projects. To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects.
 - To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works, including ACMF projects.
 - To review and approve all bought in service provision.
 - To take approved reports to the Board of Trustees and report to the Trustees on any other matters of significance.

Audit Committee

The FRAR also acts as the Audit Committee for YEAT

Staff employed by the trust may attend the audit committee to provide information and participate in discussions, but should not be members of it, or vote when matters relating to audit are discussed.

The overall requirements for the Audit Committee, as specified in the Academies Financial Handbook 2023 are:-

- Internal scrutiny - to have in place a process for checking financial systems, controls, transactions and risks
- To achieve internal scrutiny which delivers objective and independent assurance.
- To provide assurance to governors that risks are being adequately identified and managed by
 - reviewing the risks to internal financial control at the Academy
 - agreeing a programme of work to address, and provide assurance on, those risks
- To inform the governance statement that accompanies the annual accounts and, so far as is possible, provide assurance to the external auditors

In detail this is achieved through:-

The audit committee manages this programme of risk review and checking of financial controls in the way that they deem most appropriate to their circumstances. Options include: internal audit, additional work by the external auditor, the work by 'peer review'.

The adequacy of arrangements will be established as part of the process leading to the accounting officer's annual statement and, where appropriate, through the self-assessment review of financial management and governance, the annual 'School Resource Management Self Assessment Tool.'

Effectiveness of financial control

- To review the effectiveness of financial and other control systems
- To oversee the academy's policy on fraud and irregularity
- To ensure that all significant losses have been properly investigated and reported as appropriate, including notification to the EFSA of losses through fraud or theft in excess of £5,000
- To ensure capture of all business and pecuniary interests of members, trustees and senior employees
- To oversee the academy's corporate governance arrangements including the code of practice for Board of Trustees members and code of conduct for senior staff
 - To monitor the academy's arrangements to secure value for money
 - To report Related Party Transactions to the ESFA

Risk management

To advise the Board of Trustees on risk management by:

- Being familiar with the requirements of risk management
- Ensuring appropriate audit work on risk management

Audit

- To consider and advise the Board of Trustees on the assessment of overall audit needs
- To advise the Board of Trustees on the appointment and remuneration of external auditors and the scope of their work
- To guide the external auditor on the nature and scope of the audit as necessary
- To consider and advise the Board of Trustees on external audit reports and management letters
- To appoint the peer review and set the overall scope of the checks

- To review reports from the peer review on the effectiveness of the financial procedures and controls
- To consider and advise the Board of Trustees on peer review and internal assurance reports

Other

- To receive and review relevant reports relating to audit such as those prepared by the National Audit Office
- To prepare an annual report for submission to the Board of Trustees on the work of the committee including an opinion on the effectiveness of the internal control system and the pursuit of value for money together with an assurance on risk management

SCHEME OF DELEGATION TO THE HEADTEACHER

The Headteacher shall have delegated power to undertake all functions delegated to the Governing Body relating to the funding agreement except that:

1. they shall comply with all policy directions given to them from time to time by the trust body;
2. they shall have the authority to expend all monies allocated to individual or specific items in the approved budgets without further reference to the Governing Body.
Where no such specific item exists in the budget they shall not enter into any financial commitment without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
3. the above delegation shall not apply in respect of the appointment of staff. It shall be for the Governing Body to determine, from time to time, the extent of the power of the Headteacher to deal with staffing matters;
4. the Headteacher shall not vire from one budget head to another any sum exceeding 0.5%* of the delegated budget or £5,000* whichever is the lesser, without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
5. the Headteacher shall maximise school funds by the careful use of agreed investment opportunities (as per the investment policy);
6. the Headteacher (with support from the school bursar) shall submit to the FRAR at least once each term, and on such further occasions as the FRAR may specify, reports on all expenditure incurred and commitments entered into, together with details of any income generated, since the last such report to the FRAR; this report to include a comparison of these latest figures with the budget for the year;
7. any proposal to incur expenditure on new or significantly different policies is to be the subject of a report by the Headteacher to the FRAR; the report to include details of cost in both the current and future years;
8. the Headteacher shall have the power to nominate the Deputy Headteacher or another named (senior) member of staff to exercise the powers of this delegation during any periods of absence; and
9. the Headteacher and any other person nominated under Regulation (8) above shall ensure that, at all times, the funding agreement and Academies Financial Handbook have been adhered to.