

# FINANCIAL MANAGEMENT POLICY

Recommended by: Date:	Director of Finance, Accord MAT March 2018
Approved by: Date	Board of Directors, Accord MAT March 2018
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## **1. MISSION STATEMENT**

To ensure that robust systems of financial management and control are in place to ensure the efficient and effective management of the delegated funds across all academies within the Accord Multi Academy Trust.

## **2. AIMS**

- To ensure the most efficient and effective deployment of resources;
- To ensure that 'best value' is achieved;
- To ensure that budget holders are financially accountable to all stakeholders;
- To ensure compliance with the ESFA Academies Financial Handbook; and
- To ensure that the interests of the students are at the heart of all decision making.

## **3. SCOPE**

Accord Multi Academy Trust holds one funding agreement with the DfE, which is a legal contract for the provision of educational and financial accountability, relevant to all academies in the Trust. The Trust approves all academy budgets and submits them to the ESFA. The Trust is a charitable not for profit organisation and the Board of Directors is the Governing Body of the Trust.

The Financial Management Policy of the Accord Multi Academy Trust is based on the structure and organisation as set out in the Governance Handbook. The Trust model of delegation is set out under three broad categories of delegation - full, supported and sponsored.

The delegations set out within both the Governance Handbook and the Financial Management Policy are based on a 'Full' model of delegation with earned autonomy based upon academic performance, financial performance and compliance within the regulatory framework that all academies must operate within. On an annual basis the performance, capacity and financial security of each academy will be reviewed by the Board of Directors to assess the continued appropriateness of this status.

The Financial Management Policy covers the following areas:

- Finance
- Human Resource Management
- Facilities Management
- ICT Administration
- Marketing
- Development/Other

## **4. PERSONS RESPONSIBLE**

### **4.1 Trust Board**

The Board of Directors is the main Governing Body for the Trust and is accountable for the actions of all elements of the Trust including academy performance and financial probity. The full Board of Directors meet four times a year but also meet in sub-committee form at other times. The Board is responsible for group strategy and monitoring operational policy through the Chief Executive Officer (CEO).

Quorum for the Full Board of Directors is no less than 3 Directors in attendance.

### **Trust Board Sub Committees**

The Trust Board is required to form the following committees:

- Finance Committee - This committee has no fewer than three members and meets no less than three times per year. This committee presents minutes of all its meetings to the full Board.
- Audit Committee - This committee has no fewer than three members and meets no less than three times per year. This committee presents minutes of its meetings to the full Board.
- Remuneration Committee - This committee has no fewer than three members and considers central MAT personnel and Principal/Headteacher pay. It meets once per year and reports its decisions to the full Board.

The quorum for all committees is no less than 3 non-executive Directors in attendance. The Terms of Reference of the Trust Board and Committees Terms of Reference are set out at Appendix 1.

## **4.2 Local Governing Body (LGB)**

Each individual academy within the Trust has a Local Governing Body (LGB). The Board of Directors formally delegate a wide range of powers to LGB's covering the statutory and operational duties necessary for it to discharge its duties on behalf of the Board and of the relevant academy.

The LGB is responsible for overseeing the effectiveness of the academy working in conjunction with the academy Senior Leadership Team. In this the LGB should provide challenge and support, aligned with the strategic direction of the Trust, to the Principal/Headteacher and staff of the academy.

Other than the appointment of the Principal/Headteacher (which is shared with the Board of Directors) the LGB is responsible for the appointment of staff on behalf of the Board of Directors.

### **LGB Sub Committees**

LGB's have discretion to form standing sub committees or panels as they see fit providing they have the consent of the Board of Directors/CEO. However, individual academies must have a Finance and Resources committee.

### **Delegations**

The LGB has duties in the following areas:

#### Budgets/Budgetary Control

- Receiving the annual academy budget at the start of the financial year from the Finance and Resources Committee.
- Considering budgetary control reports from the Finance and Resources Committee, at every meeting, with relevant explanations and documentation where required.
- Receive reports on all virements with a net nil impact on the surplus/deficit position. Any virements in excess of £30,000 also require approval by the Trust Director of Finance. Details of all virements approved and authorised by the Finance and Resources Committee must be formally notified to the full LGB.
- Virements that impact on the academy surplus/deficit position must be reviewed by the Principal/Headteacher and LGB and approved by the Trust Director of Finance.
- Maintaining a register of business interests for all LGB members, senior academy staff and those with financial responsibilities.
- The acceptance of late tenders or tenders other than the most financially favourable, require approval by the Trust Director of Finance.

The Terms of Reference of the LGB and Committees Terms of Reference are set out at Appendix 2.

## **4.3 Chief Executive Officer (CEO) in the role of Accounting Officer**

The CEO is also the Accounting Officer for the Trust and takes personal responsibility to ensure that the Trust complies with the Academies Financial Handbook that regulates the Funding Agreement. This role cannot be delegated.

The CEO is responsible for the operation of the Trust, and ensuring that the aspirations of the Board for academy improvement and secure financial management are met. The CEO must present a termly report to the Board of Directors.

The CEO leads the central team to help discharge his/her duties on behalf of the Board. This team includes the Trust Director of Finance, the Director of Business, Operations & Compliance, Human Resources, ICT and the Academy Improvement Lead.

### **The Role of the Chief Executive Officer (CEO)**

The CEO is responsible for leading the development and execution of the long term strategy of the Trust, and securing value for money in exchange for public funds across all constituent parts.

Value for money will be demonstrated through the following:

- Improve upon or maintain OFSTED ratings so that all students attend 'outstanding' academies.
- Ensure students make outstanding progress and achieve targets that place their academies in the top 10% of similar institutions nationally.
- Ensure Teaching and Leadership across the Trust are outstanding and sustainable.

More specifically, the duties and responsibilities of the CEO of the Trust include the following:

- To lead, in conjunction with the Board, the development of the Trust's strategy.
- To lead and oversee the implementation of the Trust's long and short-term plans in accordance with its strategy.
- To lead and deploy the central team of the Trust to ensure the effective delivery of approved strategy, including the formulation of the Trust prospectus, website and the oversight of media and PR activities to project the activities of the Trust and the academies to the wider community.
- To ensure the Trust is appropriately organised and staffed to achieve its aim within the authority set out within the scheme of delegation.
- To ensure that expenditure across the Trust is within budgets authorised by Directors.
- To assess the principal risks of the Trust and to ensure that these risks are being monitored and managed.
- To ensure effective internal controls and management information systems are in place.
- To ensure training for Directors and Governors is formulated and delivered.
- To lead, in conjunction with the Board, the acquiring and disposing of Trust land.
- To act as Executive Headteacher (or delegate this responsibility) in accordance with the Scheme of Delegation in schools sponsored/supported by the Trust.
- In partnership with the Chair of the LGB ensure that robust arrangements are in place for the performance management of the Principal/Headteacher of the academy and agree recommendations for performance awards to the Directors' Remuneration Committee (where the role of CEO is a dual role with that of Principal/Headteacher, the arrangements for the review of the performance of the dual role will be decided by the Board of Directors).
- Work alongside the Board of Directors to uphold the 7 principles of public life:
  - **Selflessness** - Holders of public office should act solely in terms of the public interest.
  - **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  - **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - **Honesty** - Holders of public office should be truthful.
  - **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

### **Responsibilities of the Chief Executive Officer (CEO) in the role of Accounting Officer**

The Accounting Officer has responsibility, under the Board of Directors, for the overall organisation, management and staffing, and for its procedures in financial and other matters, including conduct and discipline as set out in the scheme of delegation.

In summary:

- The propriety and regularity of the public finances for which he/she is answerable.
- The keeping of proper accounts.
- Prudent and economical administration.
- The avoidance of waste and extravagance and ensuring value for money for the efficient and effective use of all the resources in his/her charge.

The Accounting Officer must advise the Board of Directors in writing if, at any time, in his/her opinion, any

action or policy under consideration by the Board is incompatible with the terms of the Handbook or the Funding Agreement.

Where the Board of Directors is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the Board gives for its decision. If, after considering the reasons given by the Board, the Accounting Officer still considers that the action proposed by the Board is in breach of the Handbook or the Funding Agreement, the Accounting Officer must advise the Accounting Officer of the Education & Skills Funding Agency in writing.

The Accounting Officer must bring any letters received from the Accounting Officer of the Education & Skills Funding Agency to the attention of the Directors.

#### **4.4 Principal/Headteacher**

Principals/Headteachers are responsible for the leadership and management of their academy. They report directly to the LGB and are accountable to their school's LGB, the CEO and the Board of Directors.

Principals/Headteachers also carry a responsibility to the other schools within the Trust and should act in a manner that contributes to the overall success of the Trust. They are responsible for the following to the extent that these are consistent with the notified Scheme of Delegation for their academy:

- Implementing the agreed policies and procedures laid down by the LGB and the Trust.
- Advising the LGB and the Trust on strategic direction, forward planning and quality assurance.
- To evaluate the standards of teaching and learning in the Academy and ensure that proper standards of professional performance are established and maintained.
- To ensure that appropriate targets are set for all pupils and are reported to the LGB.
- The maintenance of good order and discipline by the pupils including their fixed or permanent exclusion within the framework laid down by the LGB.
- Ensure the register of pupils' admission to school Register of pupils' attendance are kept continuously up to date.
- To ensure that a broad and balanced curriculum is implemented in the academy.
- To deploy, manage and lead all teaching and non-teaching staff within the academy and maintain a single central record and ensure a regular documented review by the designated LGB member.
- Maintain a whole staff training record especially in relation to Child Protection, Safeguarding and Safer Recruitment.
- Ensure sickness absence levels are monitored.
- To advise on staff requirements and review the establishment annually, and to recommend changes to the LGB in preparation for final approval by the Board.
- Ensure compliance with Safer Recruitment requirements and ensure all identity documents and qualifications are verified and that DBS processes are being followed.
- Ensure all Data Protection and Freedom of Information requests received are identified.
- Ensure all academy information, including financial information and information on organisation and achievement is up to date on the website.
- Ensure the academy environment is safe and secure and that Health and Safety regulations are being applied appropriately.
- Monitor the implementation of the approved Educational Visits Policy and report to LGB on identified risks.

## **5 FINANCIAL SCHEME OF DELEGATION**

### **5.1 Powers and Duties reserved to the Board of Directors**

The Board of Directors is responsible for the following:

- Approving the overall Trust budget.
- Approving the individual academy budgets.
- Approving any significant changes to the central recharge.
- Approving the reserves policy.

### **5.2 Financial Powers and Duties Delegated to the Director of Finance**

The Trust Director of Finance in the central team is responsible for the following:

### **Budgets/Budgetary Control**

- Ensuring an overall Trust budget plan is available for consideration by the Board of Directors at the start of the financial year.
- Review the draft budget plan for each academy in conjunction with the Principal/Headteacher and Finance Lead.
- Ensuring an annual budget plan is available for consideration by the Finance and Resources Committee/LGB at the start of the relevant financial year for each of the academies.
- Ensuring that a standard monthly reporting pack is submitted to the Trust on each academy's financial position as per the agreed timeline
- Approving virements between budget headings over £30,000 in conjunction with the LGB.
- Approving budget adjustments in conjunction with the Principal/Headteacher and the LGB where this may increase/decrease the approved surplus/deficit for the academic year.

### **Purchasing**

- Authorising orders and contracts over £5,000. Orders and contracts between £5,001 and £30,000 will be authorised by the Trust Director of Finance in conjunction with the Principal/Headteacher.
- Orders and contracts between £30,001 and £100,000 to be authorised in conjunction with the CEO.
- Orders and contracts over £100,000 to be authorised in conjunction with CEO and Chair of the Board of Directors.
- Maintaining a register of central contracts entered into, amounts paid and certificates of completion.

For the central team:

- Ensuring the retention of quotes obtained for central team goods, works and services.
- Ensuring that all correct invoices are duly certified by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.
- Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.

### **Income**

- Authorising the raising of invoices to collect income for amounts over £10,000 and up to £100,000.
- Authorising the raising of invoices to collect income for amounts over £100,000 in conjunction with the Board of Directors.
- Authorising the write-off of bad debts, for items up to £1,000, and seeking approval from the ESFA as required by the ESFA Academies Financial Handbook for writing off debts between £501 and £1,000 with Principal/Headteacher.

For the central team:

- Ensuring that all income is accurately accounted for and is promptly collected and banked intact.

### **Banking Arrangements**

- Maintaining proper records of account and reviewing monthly bank reconciliations for the Trust.
- Notifying the Board of Directors of any eventuality that could affect an academy's insurance arrangements.

### **Security of Assets**

- Ensuring a permanent and continuous register of assets is held in each academy.
- Authorising the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value over £5,000.

### **Information and Communication Systems**

- Ensuring the standards of control for such systems in operation within the academy to include the use of properly licensed software and for the security and privacy of data in accordance with the Data Protection Act.

## **5.3 Powers and Duties Delegated to the Local Governing Body (LGB)**

In addition to the delegations set out for the LGB in the Governance Handbook, the following sets out the specific delegations relative to Finance and Assets. It is important to note that the delegations are set out on

the basis to secure compliance with the ESFA Academies Financial Handbook whilst also maximising the potential to secure economies of scale.

These duties take into account the requirements for the ESFA Academies Financial Handbook and the Charity Commission Guide on Internal Financial Control for Charities.

Governors do not incur any individual liability in so far that they act reasonably, honestly and in good faith working within the context of this document. The LGB remains accountable for all actions delegated to individuals for the exercising of its powers.

Where the Principal/Headteacher delegates tasks to other members of staff, he/she retains accountability to the LGB and the Board of Directors.

The LGB working within the guidance and policy templates provided by the Trust is responsible for:

### **General**

- Adopting the Trust's written scheme of delegation of its financial powers and duties within the academy, and notifying the Trust Director of Finance of the names of persons with delegated financial responsibility.
- Ensuring that there are adequate operational controls in place for all the financial processes within the academy.
- Ensuring that the Scheme of Delegation is operated in conjunction with the ESFA Academies Financial Handbook.
- In conjunction with the Chair of the LGB, ensure the business of the Trust Board and the scheme of delegation is implemented fully.

### **Budgets/Budgetary Control**

- Receiving the annual academy budget at the start of the financial year from the Finance and Resources Committee.
- Considering budgetary control reports from the Finance and Resources Committee, at every meeting, with relevant explanations and documentation where required.
- Receive reports on all virements with a net nil impact on the surplus/deficit position. Any virements in excess of £30,000 also require approval by the Trust Director of Finance. Details of all virements approved and authorised by the Finance and Resources Committee must be formally notified to the full LGB.
- Virements that impact on the academy surplus/deficit position must be reviewed by the Principal/Headteacher and LGB and approved by the Trust Director of Finance.
- Maintaining a Register of Business Interests for all LGB Members, senior academy staff and those with financial responsibilities.
- The acceptance of late tenders or tenders other than the most financially favourable, require approval by the Trust Director of Finance.

### **Security of Assets**

- Authorising the planned disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value up to £5,000.
- Notifying the Trust Director of Finance of the planned disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value in excess of £5,000.

### **Accounts and Audit**

- Working with the external auditors appointed by the Board of Directors on a group wide and individual basis.
- Receiving the summary of audit reports on the use of resources, systems of internal financial control and discharge of financial responsibilities.
- Informing the Trust Director of Finance if it suspects any irregularity affecting resources.

## **5.4 Powers and Duties Delegated to the LGB Finance and Resources Committee**

The Finance and Resources Committee is responsible for:



## **Purpose**

- Assisting the decision making of the Local Governing Body (LGB) by ensuring the sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- Making appropriate comments and recommendations on such matters to the LGB on a regular basis.
- Referring any major issues outside the delegated remit of the Committee to the LGB for ratification.
- Exercising the powers and duties of the LGB Finance and Resources Committee in respect of the financial administration of the academy, except for those items specifically reserved for the Full LGB and those delegated to the Principal/Headteacher and other staff.
- Reporting on decisions taken under delegated powers to the next meeting of the LGB.

## **Budgets/Budgetary Control**

- Reviewing the draft academy budget pre submission to the ESFA, and reviewing the final budget at the start of each financial year and presenting it to the full LGB.
- Considering budgetary control reports on the academy's financial position at every meeting, taking appropriate action to contain expenditure within the budget and report to the LGB.
- Reviewing the virement of sums between budget headings, subject to a limit of £30,000 as approved and authorised by the Principal/Headteacher. Such virements are to be minuted at the Finance and Resources Committee and reported to the full LGB, and will focus on the day to day running of the academy, carrying out the Trust's vision, policies and priorities, and holding the academy leadership to account.
- Reporting to the LGB all significant financial matters and any actual or potential overspending.

## **Insurances**

- Updating the Trust Director of Finance of any changes which could affect academy insurance cover required.

## **Security of Assets**

- Ensuring that the asset register is maintained and regularly updated.
- Reviewing the planned disposals of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value of up to £5,000 and reporting such disposals for authorisation by the LGB.

## **Audits**

- Reviewing the reports of the Internal Audit on the effectiveness of financial procedures and control. These reports must also be presented to the Full LGB.

## **5.5 Financial Powers and Duties Delegated to the Principal/Headteacher**

In addition to the delegations set out for the Principal/Headteacher in section 8 of the Governance Handbook, the following sets out the specific delegations relative to Finance and Assets. It is important to note that the delegations are set out on the basis to secure compliance with the ESFA Academies Financial Handbook whilst also maximising the potential to secure economies of scale.

The Principal/Headteacher has delegated powers and functions in respect of internal organisation, management and control of the academy, the implementation of all policies approved by the LGB and for the direction of teaching and the curriculum. The Principal/Headteacher may delegate some of these responsibilities to designated staff, subject to approval by the LGB and within the scheme of delegation.

The Principal/Headteacher is responsible for:

### **Budgetary Control**

- Responsibility for setting the academy budget for the academic year, within the scheme of delegation.
- Reviewing income and expenditure reports, and highlighting actual or potential overspend to the Finance and Resources Committee.
- Ensuring that the Trust monthly reporting packs are submitted to the Trust Director of Finance in line with the agreed timeline.
- Approving virements between budget headings of up to £30,000 and reporting such approval to the Finance and Resources Committee.

## **Financial Management**

Ensuring the arrangements for the collection of income, ordering of goods and services, payments and security of assets are in accordance with the ESFA Academies Financial Handbook.

### **Purchasing**

- Authorising orders and contracts over £1,000 and up to £5,000 in line with Financial Authorisation levels.
- Ensuring that all contracts and agreements conform to the Academies Financial Handbook and the Trust Financial Schemes of Delegation.
- Maintaining a register of academy contracts entered into, amounts paid and certificates of completion.
- Ensuring the retention of quotes obtained by the academy for goods, works and services.
- Ensuring for the academy, that all correct invoices are certified by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.
- Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.

### **Security of Assets**

- Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc. under his/her control.
- Ensuring a permanent and continuous register of all items of furniture and equipment, motor vehicles and computer equipment over £5,000.

### **Accounts and Audit**

- Ensuring that adequate operational controls are in place and that the principles of internal control are maintained.
- Ensuring that full, accurate and up-to-date records are maintained in order to provide financial and statistical information.
- Ensuring that all records and documents are available for audit by the appointed external and internal auditors.

## **5.6 Financial Powers and Duties Delegated to the Finance Lead and Other Staff**

Members of staff with delegated responsibilities must be aware that these must be exercised in accordance with the Academies Financial Handbook and the Trust Financial Schemes of Delegation. The following responsibilities are delegated to other staff in addition to the Principal/Headteacher and the academy finance staff:

### **Budgets/Budgetary Control**



Budget Holders are responsible for checking and certifying monthly statements of income and expenditure against their delegated budget and for reporting any errors, irregularities or risk to the Finance Lead within the academy.

### **Purchasing**

Budget Holders, with approval from the Finance Lead, can authorise orders up to £1,000 provided it is within the scope and remaining balance of their delegated budget.

The following members of staff are authorised to receive and check goods:

- All Budget Holders.
- Administrators nominated by the Budget Holder.

<b>Signature:</b> <b>Chief Executive</b>	 A Warboys
<b>Signature:</b> <b>Chair of Board of Directors</b>	 B Kelly
<b>Date:</b>	March 2018

## **APPENDIX 1 - Trust Board and Committees Terms of Reference**

### **1 Terms of Reference of the Trust Finance Committee**

#### **1.1 Authority**

The Finance Committee is a Committee of the Board of Directors and its role is to support and advise the Board in exercising its authority in relation to the matters set out in these terms of reference. The Committee is responsible to the Board for its performance.

It is authorised to request any information it requires from any employee, external auditor or internal auditor regarding its duties and responsibilities. The Finance Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer. However, the Finance Committee may not incur expenditure without approval of the Board of Directors.

#### **1.2 Role**

The Board has defined the Committee's purpose as assisting the Board in its on-going oversight of the Trust's arrangements for budgeting, financial planning, financial performance and financial reporting in respect of both revenue and capital activities.

The minutes of the Finance Committee will be submitted to the Board of Directors.

The Committee shall report to the Board of Directors as required and make whatever recommendations to them that it deems appropriate within the context of its terms of reference.

#### **1.3 Duties**

The Board of Directors delegates authority to the Finance Committee to:

- Review and scrutinise the summary of academy budgets.
- Review and scrutinise the Condition Improvement Fund allocations to individual academies.
- Review and scrutinise the schemes of delegation in relation to Finance and Assets, and make recommendations for any changes to the Board.

#### **1.4 Responsibilities**

The Finance Committee shall undertake and be responsible for the following activities:

- Monitoring the current and projected levels of income and expenditure across individual academies.
- Reviewing the central team management accounts and monitoring performance against the financial and resource objectives approved in the annual plan and budget.
- In conjunction with the Audit Committee, ensuring that an effective framework for the financial management of the Trust is in place.
- Reviewing the financial implications and any significant financial risks associated with new proposals and developments.
- Advising the Board of Directors on strategic matters relating to Finance, Facilities and Procurement.

The Finance Committee will review these terms of reference on an annual basis and self-assess its performance against these terms of reference.

### **2 Terms of Reference of the Trust Audit Committee**

#### **2.1 Authority**

The Audit Committee is a Committee of the Board of Directors and is authorised to investigate any activity within its Terms of Reference or specifically delegated to it by the Board of Directors.

It is authorised to request any information it requires from any employee, external auditor or internal

auditor.

The Audit Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer. However, the Audit Committee may not incur expenditure without approval of the Board of Directors.

## **2.2 Role**

The role of the Audit Committee is to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks to the Trust.

It also maintains an oversight of the Trust's governance, internal control, financial reporting and value for money frameworks in order to establish levels of compliance throughout the company. The Committee shall report to the Board of Directors as required and make whatever recommendations to them that it deems appropriate within the context of its terms of reference.

## **2.3 Duties**

The Committee has the following duties:

- To review key risk areas and scrutinise the Trust's approach to the management and control of the key areas of risk identified.
- To report to the Board of Directors on the appropriateness of the controls put in place and the levels of compliance achieved.
- To review the implementation of agreed risk management systems within academies, with particular focus on Safeguarding, Health and Safety and Educational Visits.
- To review and scrutinise the Trust's risk management policy and make recommendations to the Board.
- To review the External Auditors' annual planning proposals and make recommendations to the Board in respect of the approval of the planned audit approach and audit programme for the year.
- To review the Internal Auditor's annual planning proposals and approve the planned audit approach.
- To monitor and assess the role and effectiveness of the Internal Audit function in the overall context of the Trust's risk management system.
- To review and scrutinise the company policy in relation to the provision of non-audit services by the auditor and make recommendations to the Board.
- To review and challenge, where necessary, the actions and judgements of management in relation to the financial statements.
- To review the Trustees' Statement in the accounts, on the company's internal controls and risk management framework, and recommend the statement to the Board of Directors.
- To review and scrutinise the whistleblowing and anti-fraud and corruption policies and ensure that arrangements are in place by which staff may raise concerns in confidence and make recommendations to the Board.
- To monitor that all allegations of fraud or irregularity are managed and investigated appropriately.

## **2.4 Responsibilities**

The Committee has the following responsibilities:

- To advise the Board of Directors and Accounting Officer on the adequacy and effectiveness of the Trust's governance, risk management, internal control and value for money systems.
- To advise the Board of Directors on the appointment, reappointment, dismissal and remuneration of the external and regularity auditors.
- To advise the Board of Directors on the need for and then the appointment, re-appointment, dismissal and remuneration of the internal auditors.
- To advise the Board of Directors on the programme of work to be delivered by both the external and internal auditors. The programme of work should be derived from having regard to the key risks faced by the Trust.

- To ensure that the Internal Auditors commissioned comply with the standards set by the Chartered Institute of Internal Auditors.
- To receive reports from management, the external Auditor and Internal Auditor on an agreed basis and consider the issues raised, management responses and action plans.
- To monitor outstanding audit recommendations and ensure any agreed delays to implementation dates are reasonable.
- To ensure appropriate cooperation and coordination of the work of the External and Internal Auditor.
- To meet the Internal and External Auditor without management at least annually.
- To receive the annual management letter from the external auditors and establish whether recommendations have been implemented.
- To review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non- standard issues.

Representatives of the Internal and External Auditors will attend meetings at the invitation of the Committee. An annual report will be produced by the Audit Committee and will be presented to the Board of Directors.

The Audit Committee will review these terms of reference on an annual basis and self –assess its performance against these terms of reference.

### **3 Terms of Reference for the Trust Remuneration Committee**

#### **3.1 Authority**

The Remuneration Committee is a committee of the Board of Directors and is authorised to make recommendations on items within its Terms of Reference or specifically delegated to it by its Board of Directors.

The Remuneration Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer. However, the Remuneration Committee may not incur expenditure without approval of the Board of Directors.

#### **3.2 Role**

The role of the Remuneration Committee is to maintain an oversight of the Trust's approach to remuneration and pay progression. The Committee shall report to the Board of Directors on an annual basis or more frequently if required and make whatever recommendations to them that it deems appropriate within the context of its terms of reference.

#### **3.3 Duties**

The Committee has the following duties:

- To advise the Trust Board on the remuneration and conditions of service of the academy Principals/Headteachers.
- To advise the Trust Board on the remuneration and conditions of service of the central team, including those of the CEO.
- To make specific recommendations on remuneration for senior staff to include Principals/Headteachers, and all academy and central team staff earning over £60k and therefore disclosed in the senior staff note in the Trust's financial statements.
- In determining recommendations to the Trust's Board on the remuneration and conditions of service of designated senior post holders, the Committee will consider both national benchmarking information on pay and conditions for institutions of a similar size or approach, and information on similar positions within the region.

Guidance on committee membership, quorum and clerking of the Trust Board Committees is set out at Appendix 3.

## **APPENDIX 2 - Local Governing Body (LGB) & Committees Terms of Reference**

The LGB's responsibilities include:

- Ensure the highest possible academic standards and provision for young people attending the academy within the OFSTED framework for accountability.
- Recruiting new governors as vacancies arise subject to agreement of the Board of Directors.
- Conducting the process for the election and appointment of staff and parent governors.
- Holding at least four LGB meetings per year (not including sub-committee meetings)
- Establishing and deciding on the membership of committees.
- Appointing the Chair and Vice Chair of any committee.
- Appointing the Clerk to the LGB.
- Delegating certain financial functions to sub committees within the context of the overall delegated powers from the Board of Directors.
- Receive reports from established committees.
- Review and consider the annual budget and advise the Board of Directors as appropriate.
- Establish and maintain good relationships with the media and local community
- Review and maintain the academy website.
- Review and advise on all planned maintenance and building works as appropriate.
- Review delegated policies and be responsible for the academy lettings policy and operation.
- Ensure the proper review of Health and Safety and take action or make revisions as appropriate to maintain or improve site and pupil safety.
- To be responsible for the safeguarding of all pupils, including the review and approval of all visits and trips.

The quorum for the LGB is 50% of Governors in attendance. However this number must contain a majority of Trust appointed members. Governor absence must be approved by the Board and recorded by the Clerk.

### **Terms of reference for the Finance and Resources Committee**

The committee responsibilities include:

- Monitoring and ensuring compliance with the Board of Directors scheme of Delegation, the LGB and the Academies Financial Handbook.
- Reporting to the Full LGB any decisions made under delegated powers attributed to the Board under the scheme of delegation including decisions regarding the maintenance of assets.
- Consider each term the academy budget statement, including noting any variations and reporting any significant changes from the budget plan to the Full LGB.
- Review the budget in context of the academy development plan and make recommendations to the Full LGB where appropriate.
- Monitor all expenditure within the context of the limits set by the Board of Directors and the LGB. Ensure "Best value" is achieved with the academy purchases of goods and services.
- Consider and monitor responses to recommendations made from audit and internal audit.
- Engage in self-review within the context of the overall review processes of the LGB.
- Monitor, review and report the use of pupil premium to the Full LGB.
- Monitor staffing costs against the academy curriculum plan and consider the impact of pay awards on the academy budget.
- Review capital expenditure and planned maintenance costs and ensure Health and Safety expenditure meets the needs of the academy.
- Ensure local lettings arrangements are properly managed and reported to the Full LGB.

Guidance on committee membership, quorum and clerking of the Local Governing Body and Finance and Resources Committee is set out at Appendix 3.

## APPENDIX 3 – Guidance on Committee Membership, Quorum and Clerking

### BOARD OF DIRECTORS' SUB COMMITTEES

#### FINANCE COMMITTEE

<b>Membership</b>	<ul style="list-style-type: none"><li>- The Finance Committee will consist of at least three non-executive Directors.</li></ul>
<b>Quorum</b>	<ul style="list-style-type: none"><li>- The Finance Committee will be quorate if two Directors are present.</li><li>- The Accounting Officer, Trust Director of Finance, Director of Business, Operations and Compliance and other members of the Trust's staff may be invited to attend, but will have no voting rights.</li></ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"><li>- The Committee will meet at least once per term.</li></ul>
<b>Clerking</b>	<ul style="list-style-type: none"><li>- Agendas will be agreed in advance by the Chair of the Finance Committee and all relevant papers should normally be circulated to each member at least five working days prior to the date of the meeting.</li><li>- Draft minutes of Committee meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.</li><li>- This committee presents minutes of all its meetings to the full Board.</li></ul>

#### AUDIT COMMITTEE

<b>Membership</b>	<ul style="list-style-type: none"><li>- The Audit Committee will consist of at least three non-executive Directors.</li><li>- The Chair of the Board of Directors cannot be a member of the Audit and Risk Committee.</li></ul>
<b>Quorum</b>	<ul style="list-style-type: none"><li>- The Audit Committee will be quorate if two members are present.</li><li>- The Accounting Officer/CEO, Trust Director of Finance, Director of Business, Operations and Compliance and other members of the Trust's staff may be invited to attend, but will have no voting rights.</li></ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"><li>- The Committee will meet at least once per term.</li></ul>
<b>Clerking</b>	<ul style="list-style-type: none"><li>- Agendas will be agreed in advance by the Chair of the Audit Committee and all relevant papers should normally be circulated to each member at least five working days prior to the date of the meeting.</li><li>- Draft minutes of Committee meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.</li><li>- This committee presents minutes of all its meetings to the full Board.</li></ul>

#### REMUNERATION COMMITTEE

<b>Membership</b>	<ul style="list-style-type: none"><li>- The Remuneration Committee will consist of at least three non-executive Directors.</li></ul>
<b>Quorum</b>	<ul style="list-style-type: none"><li>- The Committee will be quorate if two members are present.</li><li>- The Accounting Officer, Trust Director of Finance, Director of Business, Operations and Compliance and other members of the Trust's staff may be invited to attend but will not be present where there is a potential conflict of interest in relation to remuneration.</li></ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"><li>- The Committee will meet at least once per year.</li></ul>



<b>Clerking</b>	<ul style="list-style-type: none"> <li>- Agendas will be agreed in advance by the Chair of the Committee and all relevant papers should normally be circulated to each member at least five working days prior to the date of the meeting.</li> <li>- Draft minutes of Committee meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.</li> <li>- This committee reports its decisions to the full Board.</li> </ul>
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## LOCAL GOVERNING BODY AND COMMITTEES

### LOCAL GOVERNING BODY

<b>Membership</b>	<ul style="list-style-type: none"> <li>- Membership should be no greater than 11 Governors.</li> <li>- Structure of membership should comprise: Chair (Trust appointed), 5 Governors (Trust appointed), 2 Parent Governors, 2 Local Community Governors, 1 Staff Governor.</li> </ul>
<b>Quorum</b>	<ul style="list-style-type: none"> <li>- Quorum for the LGB is 50% of Governors in attendance. This number must contain a majority of Trust appointed Governors.</li> </ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"> <li>- The LGB will meet at least once per term.</li> </ul>
<b>Clerking</b>	<ul style="list-style-type: none"> <li>- Agendas will be agreed in advance by the Chair of the LGB and all relevant papers should normally be circulated to each member at least five working days prior to the date of the meeting.</li> <li>- Draft minutes of meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.</li> <li>- The LGB presents minutes of all its meetings to the full Board.</li> </ul>

### FINANCE AND RESOURCES COMMITTEE

<b>Membership</b>	<ul style="list-style-type: none"> <li>- The Finance and Resources Committee will consist of no less than 3 Governors.</li> </ul>
<b>Quorum</b>	<ul style="list-style-type: none"> <li>- The Committee will be quorate if 3 members are present, including Principal/Headteacher.</li> </ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"> <li>- The Committee will meet at least once per term.</li> </ul>
<b>Clerking</b>	<ul style="list-style-type: none"> <li>- Agendas will be agreed in advance by the Chair of the Committee and all relevant papers should normally be circulated to each member at least five working days prior to the date of the meeting.</li> <li>- Draft minutes of meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.</li> <li>- This committee presents minutes of all its meetings to the LGB.</li> </ul>

## APPENDIX 4 - Financial Authorities

Delegation	Value	Delegated Authority
Ordering Goods and Services (raising requisitions)	Up to £1,000	Budget Holder plus Academy Finance Lead
	£1,001 to £5,000	As above plus Principal/Headteacher - Minimum of Three quotes
	£5001 to £30,000	As above plus Trust Director of Finance
	£30,001 to £100,000	As above plus Trust Director of Finance and CEO - Formal Tendering Process including advertising in OJEU if over threshold
	Over £100,000	As above plus Chair of the Board of Directors (or delegated Board member). Formal Tendering Process including advertising in OJEU if over threshold
Authorisation of non-order invoices (excl utilities and catering up to £1,000)	Up to £1,000	Principal/Headteacher
	£1,001 to £5,000	As above plus Trust Director of Finance
	Over £5,000	As above plus CEO
Operating Leases/Contracts (less than 1 year)	As per delegation limits above for ordering goods and services	As per delegated authority above for goods and services.
Operating Leases/Contracts (over 1 year)	Over 1 year (Any Value)	Trust Director of Finance plus CEO
BACs payments and other online bank transfers	Up to £30,000	Academy Finance Lead
	£30,001 to £100,000	As above plus Principal/Headteacher
	Over £100,000	As above plus Trust Director of Finance
Cheque signatories	Up to £1,000	2 signatories from Principal/Headteacher, Academy Finance Lead (and any other designated signatory personnel as noted on the bank mandate)
	Over £1,000	As above plus Trust Director of Finance to be notified
Signatories for ESFA grant claims	Any	Signed hard copy document to be kept on file as required by claim form (Principal/Headteacher or delegated signatory)
Virements with net nil impact on surplus/deficit position	Up to £30,000	Academy Finance Lead in conjunction with the Principal/Headteacher reported to the LGB Finance and Resources Committee and Trust Director of
	Over £30,000	Full LGB Trust Director of Finance
Virement of budget to amend surplus/deficit position	Any	Trust Director of Finance in conjunction with the Principal/Headteacher and LGB
Raising income invoices	Up to £10,000	Academy Finance Lead in conjunction with the Principal/Headteacher
	£10,001 to £100,000	As above plus Trust Director of Finance
	Over £100,000	As above plus Chair of Board of Directors (or delegated

		Board member)
Disposal of Assets	Up to £5,000	Principal/Headteacher
	Over £5,000	As above plus Trust Director of Finance
Write off Bad Debts	Up to £500	Principal/Headteacher
	£501 to £1,000	As above plus Trust Director of Finance
	Up to 1% of annual income or £45,000 individually	As above plus Chair of Board of Directors (or delegated Board member)
	Over 1% of annual income or £45,000 individually	As above plus ESFA approval
Purchase or sale of freehold property	Any	ESFA approval required (notify the Trust Director of Finance in first instance)
Granting or take up of any leasehold or tenancy agreement (refer to operating leases over 1 year)	Any	ESFA approval required (notify the Trust Director of Finance in first instance)

### Salaries & Payroll

Delegation	Value	Delegated Authority
Payroll Processing		Designated Academy Lead and Principal/Headteacher (payroll reports and payments will be checked as appropriate by Trust Director of Finance on a monthly basis as part of the monthly reporting pack).
Contracts of employment		Designated Academy Lead (any contract changes need to be authorised by the Principal/Headteacher and reported to the CEO prior to the change being confirmed).