



Financial Regulations Manual

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1. Introduction

The purpose of this manual is to ensure that The Aspire Educational Trust maintains and develops systems of financial control which conform to the requirements of the Board of Trustees of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The Aspire Educational Trust complies with the principles of financial control outlined in the academies guidance published by the DfE and within the Academies Financial Handbook. This manual expands on that and provides detailed information on The Aspire Educational Trust's accounting systems and procedures and should be read by all staff involved with financial systems, Members and Trustees.

These regulations are to be read in conjunction with the following AET Finance policies:

- Anti-Fraud and Corruption Policy
- Asset Management Policy
- Asset Management Plan
- Debt Recovery Policy
- Gifts, Hospitality and Anti Bribery Policy

2. Organisation

The Aspire Educational Trust is a company limited by guarantee and subject to charity regulations and registered with Companies House – company number 08689696. Its constitution is set out in the Articles of Association, which have been agreed with the Secretary of State. The Aspire Educational Trust is a multi-academy trust. This means that a number of academies sit within the Trust with the Trusts' Board of Trustees overseeing the strategic operation of each academy.

The Trust has two layers of governance: the Members of the Trust, who operate at a strategic level (Members have an overview of the governance arrangements of the trust and have the power to appoint and remove Trustees) and the Trustees who are the people responsible under the Articles of Association for controlling its management and administration. They have a responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the Trust's charitable outcomes for the benefit of the public. The Trustees are charitable Trustees and, therefore, must comply with obligations under charitable and company law.

Functions and responsibilities of the Governance of the Trust:

Local Academy Committee (at present 1 per Academy)

Governors support the school and help to drive school improvement through involvement in school, self-evaluation, agreeing priorities for development and monitoring and evaluating the actions. In order to fulfil the role effectively governors are expected to:-

Take a lead in one of the following areas:

Chair – link area leadership and management, including Disadvantaged Pupils. **Maths link governor**, **English link governor**, **Safeguarding and Health and safety link governor**, **Well-being link governor** – including behaviour and emotional well-being, **Wider curriculum link governor** including Sports Funding, visit school at least once per term, with an agreed focus relating to the current Academy Development Plan and their link role.

- Write a report on any planned visit to school; the report is to be shared with the principal within 10 working days for approval, before submitting to the clerk for distribution for the next LAC. In addition to the above, in relation to finance, the LAC will:
- **Resources** - Receive the academy summary budget from the Principal, Receive the budget Vs actual reports at each meeting, HR update, Building and safety update.
- **Standards and progress** - Standards and progress updates, Headteacher report, Local updates, questions around visits into schools and reports produced by the governors.

Chairs Working Committee – Chairs of

Governors of each LAC Support and challenge pupil achievements across all of the year groups in the Trust. Identify key strengths across the Trust and implement them more widely. Consultation on key decisions to be made.

See ToR – SLT member to feedback to

Principals / Heads / Central Team

Education - Principals / Headteachers; CEO, DCEO, English and Maths leads, Research School lead.

Business - Bursars, HR Manager, CFO, Business Management – Payroll and Pensions, Bursar Support Officer, Premises Management, Procurement, Governance Professional

Standards and progress – third meeting of the term

Monitoring and evaluating rates of progress and standards of achievement by all children across all schools; Ensuring broad and balanced curriculums are in place - see TOR

Trustees – final meeting of the term (Company Directors)

Includes the CEO/Executive Principal.

Sets strategic direction for the MAT; Ensuring high standards of achievement and improved performance; Ensuring strong and robust governance; Ensuring sound financial practices; Ensuring a secure health and safety environment ; Ensuring effective child protection and safeguarding ; Acting as the admissions authority.

Audit and Resources - Trustees – meetings every half term

Personnel
Finance
Premises
Risk Register
Risk Management

Members

Includes the Chair of Trustees

Members duties:

*Sign the memorandum and articles of association, determine the name of the trust, appoint members and trustees, appoint and remove the auditors, receive a copy of the annual accounts and report, ensure successful outcomes - are the pupils in the trust making expected progress and reaching the required levels of attainment? Financial oversight - is the trust spending public money wisely? **Meet at least once a year.** Dissolve the Trust.*

Time

The Aspire Educational Trust

The Academy Trust was formed by the individual subscribers (those who signed) to the Memorandum of the company when it was first created in September 2013.

The liability of the Members of the Academy Trust is limited, as with any company, limited by guarantee, by the amount of the guarantee undertaken by the member (this is set at £10 in the Articles of Association).

The functions of the members of the Academy Trust include:

- Overseeing the achievement of the objectives of the company
- Taking part in annual and extraordinary general meetings
- Appointing some of the Trustees
- Managing the Chief Executive Officer
- Signing off the Company's annual accounts and annual report
- Having power to amend the Articles of the company and, ultimately to remove the Trustees.

One Member is also a Trustee (Chair of Trustees) and therefore involved in the management of the company.

The Executive Board of Trustees

The Trustees fulfil the role of Board of Trustees company law Trustees and charity Trustees. The board is responsible to the members, has overall responsibility for each academy in the Trust and manages the academies on behalf of the Academy Trust. The Trust's ethos is that the context for each academy is different, and that each academy has to develop its own strategic vision and its own plans for school improvement and student achievement.

Therefore, some decision making is delegated to school level, within the shared vision, values, and principles of all Members of the Trust. However, if for any reason an academy is not meeting expectations, the Trust provides additional support and challenge and seeks to make changes to ensure high quality learning and outcomes for pupils.

All Trustees should be familiar with the Governance Handbook which details the features of effective governance. The Board of Trustees are detailed in the table above. Its key responsibilities are:

- Ensure the quality of educational provision.
- Challenge and monitor the performance of each academy.
- Manage the Academy Trust's finances and property.
- Exercise reasonable skill and care in carrying out its duties.

- Ensure the Academy Trust complies with charity and company law.
- Operate the Academy Trust in accordance with the Funding Agreement that has been signed with the Secretary of State

Local Academy Committees (LAC)

As the Aspire Educational Trust is a multi-academy trust with one board of Trustees, under its Articles of Association it has appointed local academy committees for each academy under the Trust.

Each LAC is a committee of the Board and will use the powers delegated to it and the guiding values and principles to work with and support their Principal and senior leadership team in developing the vision and strategic planning required ensuring outstanding learning, achievement and personal development for their pupils and staff.

The exception to this would be where a school has failed an Ofsted inspection, or where standards were falling. In such circumstances the Trustees would want to support the LAC to ensure improvement and empower the academy to sustain it.

This governance model enables flexibility and choice as to who should be members, Trustees and local academy committee members and enables the Academy Trust to constitute Local Academy Committees to meet the needs of each individual academy that reflect the size of the school.

3. Roles and Responsibilities

The Board recognises the importance of Trustees, local academy committee members, the Chief Executive Officer and staff being clear about their respective roles and responsibilities with regard to the financial management of the Trust. The responsibilities of each person involved in the administration of academy finances have been defined to avoid the duplication or omission of functions and to provide a framework of accountability. The financial reporting structure is illustrated below:

The Members will

- appoint the Trust's auditor.
- receive the Trust's audited annual accounts.

The Board of Trustees or a delegated committee of the Trustees will: -

- Ensure regularity and propriety in use of the Trust's funds, and achieve economy, efficiency, and effectiveness – the three elements of value for money. The Trustees must also take ownership of the Trust's financial sustainability and its ability to operate as a going concern.
- Ensure good financial management practices prevail, including responsibility for the care and maintenance of the school premises and approval of budget priorities (in order to ensure value for money and to monitor expenditure)
- Implement and monitor sound internal financial controls.
- Monitor arrangements over control of income and expenditure and

use of its resources in accordance with delegated budgets.

- Monitor through audit, the quality of accounting procedures.
- Review expenditure to see that funding from the ESFA and other sources is used only in accordance with the attached conditions in conjunction with the Principal of the academy.
- Issue clear directions to the Principal concerning the Principal's responsibilities for financial affairs and for reporting to the Trustee Resources Committee of the Board.
- Ensure that all grants are used only for the purposes intended.
- Ensure that funds from sponsors are received according to the Trust's Funding Agreement and are used only for the purposes intended.
- Ratify the annual budget of the MAT.
- Provide such information as the DfE/ESFA might reasonably require so that the DfE/ESFA is satisfied that the Board is fulfilling its obligations in relation to financial management of the budget.
- Meet at least three times a year, with business conducted only when quorate, and adhere to the rules about the arrangements for and the conduct of each meeting as set out in the School Governance (Procedures) Regulations. The Audit & Resource Trustees will meet **six times a year**.
- Ensure that each Trustee knows they must declare to the Trust any business and/or personal interests they have, which require inclusion in the Register of Business Interests and provide them with the opportunity to do so. Any Trustee who has an interest in a business tendering for a contract shall withdraw from the Board meeting that is considering the contract, in order not to take part in any discussion relating to the tendering process or any other discussions where a conflict could make it appropriate for a Trustee to withdraw.
- Ensure that each school has in place internal controls and governance procedures, which meet DfE requirements.
- Manage risks across the Trust including business continuity plans.
- Approve the Academies Financial Management and Governance Self-Assessment (FMGS) summary to confirm that effective financial controls are in place, particularly noting any inadequate controls/weaknesses found in the financial controls.
- Ensure that no Trustee of the Trust involved in awarding a contract accepts gifts or hospitality from current or potential suppliers.
- Report and make appropriate recommendations; minutes of each meeting will be presented to the next meeting of each Board of Trustees.
- Ensure that annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- **Authorise orders over £207,720 (including VAT) in case of Goods and most Services and £5,193,000 (including VAT) in case of Works.**
- Appoint or dismiss the Principal of each school and any

Trust level employees.

- Review and direct remedial action in respect of Internal Audit Committee reports on the effectiveness of financial procedures and controls via the Trustee Resources Committee
- Arrange for any insurance cover it considers necessary.
- Ensure that Trustees and staff maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

Chairpersons Urgency Powers

In the event of Urgency Powers being invoked by the Chair, this will be recorded in writing and reported to the next meeting of the Board of Trustees. See 'Terms of Reference' for further detail.

Clerk to the Board of Trustees

- To support the Board of Trustees with administration and organizational support.
- Will be not a Trustee, Principal or Chief Executive of the Trust to offer guidance and appropriate compliance and legal regulatory framework.
- To offer advice on procedural matters relating to the operation of the Board of Trustees.

The Chief Executive Officer

- Has overall executive responsibility for the activity of each individual school, of which financial activity is clearly a part.
- Oversees the policies agreed upon by the Trust Board
- Agrees any changes to the staffing structure of each individual school.
- Authorises contracts over **£10,000** in conjunction with the Chief Finance Officer. Any contracts over **£207,720** (including VAT) in case of Goods and most Services and **£5,193,000** (including VAT) in case of Works will also be signed by the Chair of Trustee OR the Chair of Audit and Resources.

As the Accounting Officer (the person with overall responsibility for the financial management of all schools in the Trust), the Chief Executive Officer ensures that:

- The Board of Trustees is provided with financial advice.
- Proper and adequate financial systems and controls are in place and measures exist to prevent losses or misuse of the Trust's property/assets.
- The Trust keeps full and accurate accounting records to support the annual accounts.
- Statements and returns are prepared and maintained as required by the Trust Board and the DfE/ESFA
- Completed financial returns are signed for submission to the Trust Board and the DfE/ESFA.
- Bank accounts, financial systems and financial records are operated by more than one person.

The Chief Finance Officer (CFO)

The CFO works in close collaboration with the Chief Executive Officer and Trustees to provide strategic vision and operational leadership in the operation, maintenance and development of systems, processes and procedures relating to financial and non-financial management. The main responsibilities of the CFO are:

- The establishment and operation of a suitable accounting system within each academy in the Trust
- The management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- The operation of financial processes across the Trust, ensuring that adequate operational controls are in place and that the principles of internal control are maintained in accordance with the Financial Regulations.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academies in accordance with arrangements approved by the ESFA/DfE
- Ensuring that full, accurate and up to date records and documents are maintained in order to provide financial and statistical information and that the figures have been reconciled to the relevant school's bank account.
- Ensuring that all records and documents are available for audit.
- The preparation of monthly and annual management accounts and that financial returns are provided for the DfE/ESFA on a timely basis.
- Authorising Payments in conjunction with the Chief Executive Officer or other authorised signatory.
- Ensuring forms and returns are sent to the DfE/ ESFA in line with the timetable in the DfE /ESFA guidance.
- Ensuring finance and payroll systems are effectively managed.
- The monitoring and maintenance of effective internal controls including that orders and payments are appropriately authorised and records are retained and stored in a secure way.
- Authorising orders in conjunction with budget holders.
- Ensuring that all contracts and agreements conform with the Academies Handbook
- Ensuring that appropriate procedures are followed in respect of opening tenders and to manage the tendering of all service contracts.
- Monitoring all insurance policies.
- Ensuring the control of systems and the security and privacy of data.

The Local Academy Committee

Each school (academy) has a Local Academy Committee (LAC) that is a sub-committee of the Trust Board, which meets at least once a term.

The main responsibilities of the LAC are detailed in written Terms of Reference, which have been authorised by the Board of Trustees. They will receive the academies' annual budget which is agreed by the Board of Trustees.

The Principal of each academy

The Principal of each academy: -

- Has responsibility for the school's activities of which financial activities are clearly a part.
- Is responsible for internal management and discipline.
- Puts into practice the policies agreed by the Trust Board and the LAC of the school.

As the person with overall responsibility to the Board of Trustees for the financial management of the school, the Principal ensures that:

- The Board is provided with the annual budget.
- Proper and adequate financial systems and controls are in place.
- Statements and returns are prepared and maintained as required by the Trust Board

On a management level the Principal of the school is responsible for the management of:

- The school's financial position at a strategic and operational level
- Effective systems of internal control.
- Authorising orders per the Academy's Scheme of Delegation
- Approving new staff appointments within the authorised establishment except for any senior staff posts which the Board of Trustees should approve.
- Other financial issues

Academies Bursar/School Business Manager/School Finance or Office Manager The Bursar/School Business Manager/School Finance or Office Manager of each individual academy is responsible for:

- Delegated financial responsibility for the premises and other budget under his/her control.
- Production of reports on a timely basis
- Reconciliation of bank and supplier accounts
- Authorisation of payments
- Ensuring that invoices, vouchers and other records are retained and stored in a secure way.
- Notifying the Trust Business Operations Manager of any matters affecting payments to the employees of the academy.
- Ensuring that maximum limits of cash held do not exceed the Academy's insurance cover.
- Request virement between and within budget headings up to a value listed in the Academy's Scheme of Delegation. Proper records of virements must be kept.
- Maintaining a record of all income held in the academy and ensuring that this is promptly collected and accurately accounted for and banked intact.
- Ensuring that cheques received are cashed promptly and in accordance with the Trust's Financial Regulations.

- Ensuring that all receipt forms, books, tickets and other such items shall be ordered and issued in a form approved by the authorising officers.
- Ensuring the correct administration and authorisation of lettings and other sales.
- Ensuring proper use of official orders and for authorising orders up to a value per the Scheme of Delegation.
- Ensuring the receipt, checking, care and safe custody and distribution of stock.
- Ensuring the maintenance of an inventory (asset register) of all items of furniture, equipment, vehicles and plant. The inventory, whether manual or computerised shall be a permanent and continuous record.
- Where appropriate, arranging for the security marking of such items.
- Ensuring the control of systems and for the security and privacy of data.

Other staff

Other members of staff will have specific financial responsibilities, and these are detailed in the following sections of this manual. All staff members are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Aspire Educational Trust's financial procedures.

Payroll

The main elements of the payroll system are:

- Staff appointments.
- Payroll administration and
- Payments.

Staff Appointments

The Trustee Audit and Resources Committee of the Board approves the staffing structure for the individual school/academy. Changes can only be made to this structure with the express approval in the first instance of the Principal who must ensure that adequate budgetary provision exists for any establishment changes.

The Principal has authority to appoint staff within the authorised budget except for Vice Principals whose appointments must follow consultation with and be approved by the CEO. The School Bursar/Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Bursar/Business Manager immediately for action.

The Trust payroll provider ensures that all new members of staff are issued with a statement of particulars and pension details. All payroll and related contractual issues will be overseen for the Trust by the MAT Business Operations Manager.

Payroll Administration

The Trust's payroll is administered internally.

All staff members are paid monthly through the Trust's payroll provider on the 15th of each month (or earlier if the 15th is a weekend or Bank Holiday).

For new academies joining the Trust, new master files can only be created by the Trust Business and Operations Manager.

Any amendments made by individual academies must be printed out each month prior to the payroll run and must be authorised by the Principal. Any master file amendments made by the Trust Business Operations Manager must be authorised by the Chief Executive Officer.

All staff are able to enter their own overtime/mileage/expense claims in the ESS section of the HR & Payroll system or via the ESS App. Claims require online approval by the Headteacher/Principal/Central Team Manager by the payroll cut off deadlines. Claims are checked again by the Bursar prior to payment during the pay validation process.

Each academy's Bursar (or equivalent) will complete any sickness/absence data in the payroll system and the academy's MIS and obtain relevant documentary evidence (self cert or Doctor's Fit note) which will then be kept in the relevant personnel file. Any new P45's/tax code information will be copied, and the original sent immediately to the payroll bureau with the copy retained in the relevant personnel file.

A pay validation report of all data will be obtained from the payroll provider for the Business Manager/Bursar of each academy, and this will be checked against source documentation (expenses, contractual details etc.) by the academies Bursar/Business Manager and then reviewed and signed by the Principal/Vice Principal as Authority to release payment. The Business Manager/Bursars will advise the MAT Business Operations Manager within the prescribed time limit of any errors/amendments required.

The MAT Business Operations Manager will spot check pay validation reports for every academy monthly for anomalies, staff changes and 'reasonableness'. This check should be recorded and available for checking by the Chief Finance Officer &/or Auditors as required.

Payments

All salary payments are made by BACS.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions, pensions, student loans and Union fees. The amounts payable are summarised on the Pay Validation report and BACS payments for these amounts are prepared by the payroll bureau and paid by the due

date.

After the payroll has been processed the nominal ledger must be updated by journal. Postings will be made to the payroll control account and to individual cost centres.

The MAT Business Operations Manager will prepare the payroll journals for each academy from the Pay Validation Report. The journals will be processed by the AET Finance staff and reconciled to the bank accounts. The Bursar should review the payroll control account each month to ensure the correct amount has been posted from the payroll system and individual cost centres have been correctly updated.

The Trust Business Operations Manager will review the staff in organisation reports to check that the gross pay per the payroll system agrees to the contract of employment held on the personnel files.

Local Government Pension Scheme/Teachers Pension Fund

The payroll bureau will complete the relevant deductions and forms for the Teachers' Pension Fund and the Academy Trust's LGPS. The finance staff of the Trust check and complete any information/forms required to be completed at Trust level.

Executive pay

Decisions about executive pay will be made by the Trustees in accordance with the requirements of the Academies Handbook. The Board of Trustees must ensure its decisions about levels of executive pay (including salary and other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration. The setting of executive pay must be transparent, proportionate, and justifiable. All senior members of staff are paid through the PAYE system to ensure that all tax obligations are fully met. Higher paid staff, whose benefits are more than £100k, will be published on the Trust's website.

Gender Pay Gap

The Aspire Educational Trust will produce a gender pay gap report for the organisation each year and publish this on both the AET website and the government's reporting website.

Risk Management

The Aspire Educational Trust maintains a risk register to effectively manage risk to ensure effective operations. The Trust transfers certain risks to the Trust's providers, including the ESFA RPA scheme.

4. Internal Audit

An Internal Auditor is appointed by the Trust to provide an independent assurance that its financial and non-financial controls and risk management procedures are operating effectively through a programme of internal scrutiny.

The Internal Auditor will undertake a termly programme of reviews to report on

financial and non-financial controls and risk management throughout the Trust. A report of the findings from each visit will be presented to the Audit and Resources Committee.

The main duties of the Internal Auditor are to provide independent assurance to the board that:

- To evaluate the suitability of, and level of compliance with, financial and non-financial controls. Including whether procedures are designed effectively and efficiently and checking whether agreed procedures have been followed.
- To offer advice and insight on how to address weakness in financial and non- financial controls and improvement.
- To ensure all categories of risk are being adequately identified, reported, and managed.

Register of Interests and People with Significant Control (PSC)

Members, Trustees and LAC members are required to provide details of any governance roles in other educational institutions.

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

To avoid any misunderstanding that might arise all Trust Members, Trustees, LAC members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom any academy in the Trust may purchase goods or services. The register is available on request from the individual schools.

The register should include all business interests such as Trusteeships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Aspire Educational Trust or one of the Academies of the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not detract from the duties of Members, Trustees, LAC members and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees the Local Academy Committee or a committee. Such declarations will be minuted. Where an interest has been declared, members, Trustees, LAC members and staff should not attend that part of any committee or other meeting.

The Governor Professional of Trustees will ensure maintenance of a Register of Business Interests for all Members, Trustees, LAC members and those school staff involved in the shortlisting or awarding of contracts. A Member, Trustee, LAC member or member of staff who has no business or personal interests to declare should complete a 'nil' declaration for clarity.

The PSC register will be maintained by the Trust and an annual statement made through the return required by Companies House.

Conflict of Interests

The Board of Trustees of The Aspire Educational Trust must report all contracts and other agreements to the ESFA in advance of the contract agreement commencing value exceeding £20,000. Trustees must comply with their statutory duties to avoid conflicts of interest, not to accept benefits from third parties and declare interest in proposed transactions or arrangements. The Register of Business Interest has been considered by the Board of Trustees.

Transactions with related parties

In the event that the Trust does enter into a transaction with a related party, the Trustees will ensure there are no preferential terms, and that the transaction is reported to the ESFA as required.

Goods and Services for Private Use

The Trust will avoid practices such as obtaining goods and services that may include an element of private use for Trustees, LAC members or staff.

5. Financial Management System

All the financial transactions of schools/academies in the Aspire Educational Trust must be recorded into the financial management system, the computerised financial information accounting system. This system is operated by the Offices of all academies and consists of:

- Journals
- Nominal Ledger
- Bank
- Purchase Ledger
- Sales Ledger
- System Access

Entry into the financial management system is password restricted and the organisation which hosts the software is responsible for implementing a system.

Access to the component parts of the financial management system can also be restricted and The Chief Finance Officer/Chief Executive Officer/Bursar Support Officer is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The Academy Trust is responsible for ensuring that there are effective back-up procedures for the system.

Each academy uses Access financial software which is automatically backed up to 'the cloud'.

The Principal in conjunction with the Bursar/Business Manager, should also prepare a disaster recovery plan including the loss of accounting facilities or financial data. This should link in with the annual assessment made by the Board of Trustees of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

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

Transaction Reports

The Chief Finance Officer will obtain, and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Audit trail reports.
- Amendment reports for the payroll, purchase ledger and sales ledger.
- Management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

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

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

The bank reconciliations must be authorised by the Principal of the Academy.

Any unusual or long outstanding reconciling items must be brought to the attention of The Chief Finance Officer. The Chief Finance Officer will review and sign those reconciliations as evidence of his /her review.

6. Financial Planning

Trust academies prepare the Board of Trustees medium-term and short-term financial plans.

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

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

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

Academy Development Plan

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

Each year the Principal will propose a planning cycle and timetable to the Local Academy Committee which allows for:

- A review of past activities, aims and objectives - "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- Implementation, monitoring, and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Principal. The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, Board of Trustees capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy leader. The responsible leader should monitor performance against the defined success criteria throughout the year and report to the senior management team on a termly basis. The Principal will report to the CEO and the Local Academy Committee if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual budget

The Board of Trustees will receive and consider the Trust's budget for the forthcoming financial year to 31st August. This item will be recorded in minutes.

Budgets/Budgetary control

- The Board of Trustees will formally approve (and minute the approval of), the academy's budget plan annually and will be submitted to the ESFA by the specified deadline by the Chief Finance Officer. The Board of Trustees will ensure that when arriving at the Budget Plan, the long-term School

Improvement/Development Plan has been taken into consideration and that links between the two documents are well established. The Board of Trustees ratify the budget of each school/academy.

- The Principal will receive and consider on a monthly basis, a year-end forecast report to monitor the school/academy's financial position.
- The LAC will receive budgetary control reports at meetings with relevant explanations and documentation where required.
- All virements in excess of £75,000 will be approved, authorised and minuted by the Board of Trustees.

The Chief Finance Officer is responsible for preparing the annual budgets ready for approval by the Board of Trustees. The Principal is responsible for obtaining approval of the budget. The budget must be approved by the Board of Trustees.

The approved budget must be submitted to the ESFA/ DFE by the prescribed date each year and the Chief Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DFE/ESFA grant receivable.
- Review of other income sources available to the school/academy to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the academy cost base.
- Identification of potential efficiency savings and
- Review of the main expenditure headings considering the development plan objectives and the expected variations in cost e.g. pay increases, inflation, and other anticipated changes.

Balancing the Budget

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

Finalising the Budget

Once the different options and scenarios have been considered, a draft

budget will be prepared by The Chief Finance Officer for approval by the Board of Trustees. The budget will be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

Monitoring and Review

Monthly reports will be prepared by The Chief Finance Officer. The reports will detail actual income and expenditure against budget at cost centre level for the Principal and at summary level for the Board of Trustees. Any potential overspend against the budget must in the first instance be discussed with the Chief Finance Officer.

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 £75,000 and over must be authorised by the Board of Trustees and under £75,000 by the CEO.

Management accounts are shared with the chair of Trustees every month and with the other Trustees six times a year.

7. Purchasing

The Aspire Educational Trust wants to achieve the best value for money from all purchases. This means the need for the correct quality, quantity, and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- a) **Probity** – the academy must demonstrate that there is no corruption or private gain involved in the contractual relationships of the school/academy.
- b) **Accountability** - the academy is publicly accountable for its expenditure and the conduct of its affairs.
- c) **Fairness** - all those dealt with by the school/academy are dealt with on a fair and equitable basis.

Routine purchases up to £999 (net of VAT) can be ordered by Bursars. Purchases over £1000 (net of VAT) must be authorised by the Principal. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Trust Finance Assistant. A quote or price must always be obtained before any order will be placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Chief Finance Officer.

Routine Purchasing up to £9,999.99 (net of VAT)

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month.

All requisitions, purchase orders and purchase invoices must be completed, via the Trusts finance software.

The Bursar must make appropriate arrangements for the delivery of goods to the academy. On receipt, the Office staff will undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. The office staff will refer any discrepancies to the Bursar for instruction. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, this will be recorded and kept with the purchase order. The Bursar will keep a record of all goods returned to suppliers and chase progress of orders as appropriate.

All invoices should be sent to the Bursar. The invoice will be matched to the corresponding purchase order and receipt recorded. If correct, the invoice will be authorised by a designated member of the SLT. Purchase invoices must be authorised by a different member of staff who approved the purchase order to enable segregation of duties.

Once a week, the Bursar will produce a list of outstanding invoices due for payment from the purchase ledger which will be reviewed for payment.

The Bursar will link the invoice to the relevant Purchase Order/Requisition and input the details onto the Financial Management System. A payment of either BACs or cheque will be made. The BACs/Cheques and associated paperwork must be authorised by two of the nominated signatories.

Nominated Signatories at all Schools:

Head Teacher/Principal Bursar/School Business Manager

List of Staff who can authorise in the absence of above-named staff:

Deputy Head Teacher/ Deputy

Principal Chief Executive Officer

Chief Finance Officer

Electronic Signatures

Bacs Run/Cheque numbers will be recorded on the Trust Financial Management System.

At least once a month the academy's Bursar/Business Manager will review outstanding purchase orders and ensure appropriate action is taken to clear any discrepancies.

E-Procurement

Purchasing cards can be used for purchases of small value or to obtain goods/services via the internet to achieve cost reductions.

All purchases using the Academy purchasing cards must be supported with a purchase order.

The Purchasing Cards cannot be used to purchase alcohol.

Orders over £10,000 (net of VAT)

At least three written quotations should be obtained for all orders of **£10,000** and over to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the Purchase Order in the Financial Management Software for audit purposes.

Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

Orders of **£10,000** and over must be authorised by the CEO and anything over the threshold amount per Procurement Act 2023 Schedule 1 and its subsequent revision will also be authorised by the Chair of Trustees or the Chair of Audit and Resources.

Orders over Public Contracts Regulations Thresholds

Please go to

<https://www.gov.uk/government/publications/procurement-act-2023-guidance-documents-define-phase/guidance-thresholds-html>

for guidance on high value goods/services with a minimum value of **£207,720** (including VAT) in case of Goods and most Services and **£5,193,000** (including VAT) in case of Works. Multi-academy trust or schools are considered as 'sub-central government authority' in Procurement Act 2023.

All quotations and tender documentation must be uploaded to the finance software from all parties responding to the invitation to quote/tender.

8. Tender Process (for orders over £75,000 (net of VAT))

The tender process will be managed and agreed with the Board of Trustees according to value.

Forms of Tenders

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with The Chief Finance Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most

conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- There is a need to maintain a balance between the contract value and administrative costs,
- A large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academy's requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

Preparation for Tender

The Trust will seek legal advice when a tender is needed. The tenders will be prepared by schools and assisted by The Aspire Educational Trust. Full consideration should be given to:

- Objective of 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 an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- Introduction/background to the project.
- Scope and objectives of the project.
- Technical requirements.
- Implementation of the project;
- terms and conditions of tender and
- Form of response.

Aspects to Consider:

Financial

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

Technical/Suitability

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

Other Considerations

- Presales 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

The invitation to tender should state the date and time by which the completed tender document should be received by the Aspire Educational Trust Trustees. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

Three persons should be present for the opening of tenders as follows: the Chief Finance Officer or the Principal plus a member of the Board of Trustees

A separate record should be established to record the names of the firms' submitting tenders and the amount tendered. This record must be signed by Board of Trustees people present at the tender opening.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process. 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.

Full records should be kept of all criteria used for evaluation and for contracts over **£75,000** a report should be prepared for the **Board of Trustees** highlighting the relevant issues and recommending a decision. For contracts under **£75,000** the decision and criteria should be reported to the LAC and Board of Trustees.

Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Aspire Educational Trust. All parties should then be informed of the decision.

9. Management of Accounts

Income and Expenditure

The main sources of income for each academy are the grants from the DFE/ESFA. The receipt of these sums is monitored directly by The Chief Finance Officer who is responsible for ensuring that all grants due to the academy are collected.

Other Grants and specific funding

In addition to GAG funding from ESFA/DFE the trust may be awarded specific funding for other projects, including capital projects. This funding may be from the Department for Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as restricted income and audited externally annually.

All applications for additional external funding over £5000 in value must be approved and supported by the Accounting Officer. Any applications for additional funding over £50,000 must be approved by the Board of Trustees who will stipulate how the terms of the specific project are to be adhered to and who is responsible for monitoring the income and expenditure.

Other Sources of income:

- Educational Trips & visits
- OFSTED deployment
- Training
- Lettings.
- Training Courses
- Consultancy
- Nursery additional sessions
- Catering

- NLE deployment.

Educational Trips and Visits

A lead teacher must be appointed for each trip who informs the Office staff of the details so that quotes for transport etc. can be obtained. The lead/class teacher must complete a record for each student intending to go on the trip showing the amount due. The Office staff will collect and collate payments made and keep a record against a list for the visit, keeping the class teacher informed of payments received. Following completion of a trip/visit the Office staff will prepare a summary of the income/expenditure of the trip.

Training

Individuals/establishments attending a training course will be invoiced prior to the event. If a place is cancelled within three weeks of the course date the place will still be charged. If cancelled before the three-week period, there will be no charge.

Lettings

The academy's bursar is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. A sales invoice from the financial management system will be produced. Ideally, payments should be made in advance for the use of facilities. Organisations using the facilities should be instructed to send all payments to the Bursar.

Consultancy

Any member of staff who visits other establishments on a consultancy basis should ensure that the academy/school office is informed. The Office staff will invoice the establishment for the member of staff's time at the agreed rate. If within schools of AET, an IAT will be issued.

Nursery additional sessions

Additional Nursery sessions must be booked with the Office and paid in advance of the session being taken. Sessions paid for but not accessed due to illness may be taken on another date. This provision will be withdrawn if debts for a family exceed £100. Please refer to the debt recovery policy for more information.

Before and After School Clubs sessions

Before and After School Clubs sessions must be booked with the Office and paid in advance of the session being taken. After School provision will be withdrawn if debts for a family exceed £100. Please refer to the debt recovery policy for more information.

Catering

School Dinners - Payment is made on a daily/weekly or termly basis in advance. The office staff maintains a record and chases any late payments. This provision will be withdrawn if debts for a family exceed £100. Please refer to the debt recovery policy for more information.

The number of meals taken is agreed by the Office staff and the catering provider's staff at the end of each week. Dinner and snack money, if received by the academy, must be banked on a weekly basis into the academy's

bank account and entered on the financial management system as non-invoiced income. The third-party catering provider will invoice the academy on a monthly basis in arrears for meals taken and snack money banked. The Bursar will be responsible for ensuring that the invoice is correct.

Income

The Bursar will be responsible for chasing outstanding debts and for the safe custody of all income received. Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Office safe prior to banking. Banking for all income should take place every week or more frequently if the **sums collected exceed the £10,000 insurance limit on the academy's safe**. A second member of staff will check and initial the amount of cash being banked. The person responsible for taking the banking will sign for and take the monies to the Lloyds bank.

Monies collected must be banked in their entirety in the appropriate bank account. The Bursar is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Principal or Chief Finance Officer.

Cash Management and Bank Accounts

The opening of all accounts must be authorised by the CEO.

Deposits

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

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

Administration

The Finance Staff must ensure that reconciliation of bank statements is performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the academy's cash book.
- reconciliations are prepared by the Bursar/Business Manager or Office staff and checked by the Principal.
- A Historical Unreconciled Bank Transactions Listing accompanies the bank reconciliation.
- reconciliations are subject to an independent review carried out by The Chief Finance Officer or in his/her absence the Internal Auditor
- adjustments arising are dealt with promptly.

Imprest cash system or petty cash system

All schools and the Trust do not operate an imprest cash system or petty cash system. Any coins or notes will be promptly deposited to the school bank account.

Cash Flow Forecasts

The Chief Finance Officer is responsible for preparing cashflow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages.

Investments

Investments must be made only in accordance with written procedures approved by the Board of Trustees. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Absence of Key Finance Staff

All schools within the Trust will have dedicated staff to process all finance transactions. Finance transactions should be processed daily. This allows for a smooth continuity of workflow by the remaining staff members in the event of one or more staff members being absent from work. In the event of all finance staff being absent at the same time from one or more school the workflow will be picked up and processed by the Trust Finance Team until staff members at school/s return to work and are able to resume their daily duties.

10. Fixed assets

(Please also refer to the Asset Control policy)

Asset register

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in an asset register by the Chief Finance Officer. An asset register/inventory should be held at each academy. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life.
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets.

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

Security of assets

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

All the items in the register should be permanently and visibly marked (if possible) as the Aspire Educational Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register.

Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees. Inventories of The Aspire Educational Trust's property should be kept up to date and reviewed regularly. Where items are used by the Aspire Educational Trust but do not belong to it (for example, leased items) this should be noted.

Disposals

(Please see Asset Control policy for Disposal of Equipment form)

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Principal and, where significant, should be sold following a competitive tender.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licenses for software programmes have been legally transferred to a new owner.

The Aspire Educational Trust will reinvest the proceeds from all asset sales for which capital grant funding was received.

All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

Items of the Aspire Educational Trust property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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

discussed with the Trust's auditors.

11. Procurement - Best Practice Checklist

1. Policies and procedures for procurement should be documented and adhered to, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:
 - Roles and responsibilities of those involved in procurement (e.g. Local Academy Committee, Principal, Chief Finance Officer, The Trust Business Manager, and other Senior Managers)
 - Delegated authority levels, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Board of Trustees.
 - Arrangements to ensure segregation of duties.
 - How purchases are recorded (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, for routine day-to-day procurement, and for periodic high value items.

2. Where appropriate, individuals with relevant experience, including the end- users (e.g. ICT managers, teachers) should be involved when putting together invitations to tender or making key decisions. This will not only aid the selection of the best solutions for the academy but may also help achieve buy-in by the end-users.
3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the academy's start-up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that nonessential purchases are challenged.
4. Procurement decisions should be clearly recorded to ensure that the decision has been reached fairly and to provide a clear audit trail:
 - The options available should be recorded.
 - The basis for scoring/ranking should be set out.
 - The individuals responsible for scoring/ranking should be identified.
 - The outcome of the scoring and the final decision should be recorded.
 - The reasons for which the decision was reached should be clearly documented.
5. All key documents should be retained together by the Academy. This includes:
 - Invitations to tender.
 - Tenders received from bidders.

- Quotes obtained for smaller purchases.
- Papers/minutes documenting the procurement decision;
- Signed copies of the contracts awarded.
- Invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

6. Fitness for purpose should be a key consideration in any procurement decision (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
7. Opportunities should be taken for bulk purchase discounts, for example by combining similar orders.
8. When ordering goods an assessment of likely delivery timeframes should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.
9. It is advisable to consider procuring via "**Public Sector Buying Organisation (PSBO)**" eg **YPO**, where all due diligence has already been carried out. Please contact a member of the Central Team for further information.

12. External Auditors

Appointment of external auditors

Academy trusts must appoint an auditor to give an opinion on whether their annual accounts present a true and fair view of the trust's financial performance and position (appointment being by the members, other than where the Companies Act permits the trustees to appoint) and, as reporting accountant, provide a regularity assurance conclusion. Trusts should retender their external audit contract at least every five years and must consider the relevant points in The Academy's Handbook when evaluating.

The audit contract and regularity engagement must be in writing and must not cover other services. If additional services are purchased, a separate letter of engagement must be obtained specifying the work and the fee.

Removal of external auditors

The letter of engagement must allow for removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors must require a majority vote of the members, who must provide reasons for their decision to the board. There must be a requirement in the letter of engagement for the auditors to provide the trust with an explanation within 14 calendar days if the auditors resign.

The board of trustees must notify ESFA immediately of the removal or

resignation of the auditors. For removal, the trust must notify ESFA of the reasons, copying to ESFA/DFE any statement received from the auditor on this matter. For resignation, the trust must copy to ESFA/DFE an explanation from the auditors. A change in auditor at the expiry of their agreed term of office does not require notification from ESFA/DFE.

Group auditors and sector account.

DfE will consolidate each academy trust's accounts into a sector annual report and accounts (SARA). As each trust is a component of the SARA, the trust must prepare the financial information requested by DfE for this purpose.

Academy trusts' auditors will be required by DfE to audit certain information, and this requirement should be incorporated within the terms of engagement. The NAO must reach an opinion on regularity for ESFA's own accounts, and for this will draw on the regularity conclusions of the Trusts' auditors.