Denefield School

Financial Management Policy

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Policy owner	Finance and Business Director
Location of policy	Denefield School website

Financial Management Policy

Introduction

This Financial Management Policy determines the principles and framework for financial management at Denefield School. The policy ensures that public funds are used efficiently, transparently, and in accordance with the Academy Trust Handbook, the Funding Agreement, and applicable financial regulations.

Aims and Objectives

As a state funded academy, Denefield receives most of its funding from the Department for Education This policy and the associated procedures set out in the Financial Procedures Manual determines the framework within which Denefield manages its finances, exercises financial control, and safeguards public money.

The aims of this policy are to:

- ensure the efficient and effective use of resources to maximise outcomes for students
- Ensure the proper stewardship and accountability of public funds.
- Provide a framework for effective financial planning and decision-making.
- Ensure compliance with statutory obligations and DfE guidance.
- Promote value for money in all aspects of school operations.

Compliance

All staff and trustees of Denefield must comply with relevant statutory regulations and guidelines relating to financial management and use of resources in schools. These include:

- The Academy Trust Handbook (ATH) (published annually by the DfE and effective from 1 September)
- Academies Accounts Direction (AAR) (published annually by the DfE in May).
- HM Treasury's Managing Public Money, published May 2012 and last updated May 2023
- The Seven Principles of Public Life (Committee on Standards in Public Life, May 1995)
- Denefield School's Funding Agreement with the Secretary of State for Education
- Denefield's Articles of Association.

Roles and responsibilities

Denefield's Scheme of Delegation sets out the functions that are delegated to other committees and key personnel. Roles and responsibilities are set out below:

The Trust Board

- Holds ultimate accountability for the financial performance of Denefield School.
- Approves the annual budget and monitors financial performance.
- Appoints the Accounting Officer and Chief Finance Officer (CFO).

Resources Committee

- Monitors detailed financial performance and reports to the Trust Board on all financial matters
- Sets and oversees the financial control framework at Denefield
- Acts as **Audit and Risk** Committee
- Monitors financial reporting and controls
- Oversees the risk management strategy and internal audit processes.

The Accounting Officer (the Head Teacher)

- Personally responsible to Parliament and the DfE for the academy's financial resources.
- Ensures regularity, propriety, and value for money.
- Signs off the annual accounts.

Chief Financial Officer (CFO)

- Oversees day-to-day financial operations.
- Prepares budgets, management accounts, and financial returns.
- Implements and monitors financial procedures and controls.
- liaises with the school's statutory external and internal auditors.

Financial authority limits are detailed in **appendix 1**.

Financial Management and Governance Self-Assessment

Trustees will ensure that robust financial management and governance arrangements are in place. Each year trustees will review these arrangements and complete the DFE's School Resource Management Self-assessment Toolkit in line with DfE requirements. This tool helps assure the Trust Board that they are meeting the right standards to achieve a good level of financial health and resource management.

Value for money

Denefield will seek to obtain best value in all of its financial and purchasing decisions and will include a statement in its annual financial statements explaining how best value for money has been secured.

Budgeting and strategic financial planning

The CFO prepares a draft annual budget for the financial year (1 September to 31 August) and an indicative 3 to 5 year forecast in collaboration with the senior leadership team.

The aim is to set a balanced income and expenditure budget based on realistic assumptions aligned with the School Development Plan.

The final budget will be submitted to the Trust Board for approval in July. Any subsequent significant changes to the budget will be submitted to the Trust Board via the Resources Committee for approval.

Trustees may approve a deficit budget where the deficit is covered by accumulated working reserves. Where trustees decide to set a deficit budget for the current financial year that cannot be covered from accumulated working reserves, the Trust Board will notify the DfE within 14 calendar days of the decision as this would be non-compliant with the funding agreement and the requirements of the ATH.

The CFO will also complete and submit to the DFE the three year budget forecast return (BFR) in accordance with the DFE's deadline. This must be approved by the trustees.

In-Year Budget Monitoring

The CFO produces monthly management accounts which are reviewed by Head Teacher and Chair of Resources Committee. These include an income and expenditure statement, balance sheet, cash flow forecast, and budget variance analysis. The management accounts are made available to the Trust Board monthly via GovernorHub.

Financial Procedures and internal controls

All procedures relating to the financial management of the School are contained in the **Financial Procedures Manual** (FPM) (updates in progress). All finance staff and staff who have budget responsibilities are required to comply with the FPM. The CFO will review and update the FPM on annual basis for approval by the Resources Committee. Relevant sections of the FPM, such as 'Purchasing procedures', will be disseminated annually to budget holders and senior staff so they are aware of their responsibilities.

The School will implement internal controls to ensure:

- Proper authorisation and approval of transactions.
- Segregation of duties to prevent fraud or error.
- Secure handling of cash and cheques.
- Reconciliations of bank accounts and control accounts are completed monthly.
- Monthly reconciliation of balance sheet accounts.
- Asset registers are maintained and updated.

Internal Assurance

The Resources Committee, in its capacity as the school's Audit and Risk Committee, will determine Denefield's programme of internal scrutiny to provide independent assurance to trustees that its financial and non-financial controls and risk management procedures are operating effectively. The programme of internal scrutiny should be informed by an assessment of risks set out in the risk register and include both financial and non-financial areas. Resources Committee will report to the Trust board on the adequacy of Denefield's internal control framework.

The person or body appointed to carry out internal assurance work for the school must not be the same as those providing external audit services. They will act as an independent assessor of the school's financial and non-financial procedures and report on their findings to Resources Committee at least annually.

Denefield will submit an annual Summary of internal assurance work to the DfE by the required deadline, usually 31 December.

Purchasing and procurement

All staff must adhere to the purchasing procedures as set out in the Financial Procedures Manual, ensuring value for money at all times and having regard to the approval limits set out in **appendix 1.** As far as practicable, no purchases should be made without an authorised purchase order. The control framework seeks to maintain appropriate segregation of duties at all times in order to minimise the potential for fraud. The CFO will review all purchase orders above £1000 approved by the budget holder before they are sent to the supplier. Orders and invoices above £10k require CFO and Head Teacher approval. Invoices are checked and authorised by the relevant budget holder to ensure goods have been received and that they are appropriate, accurate, and ready for payment. The CFO reviews all invoices prior to payment.

All payments from the bank or credit card require two authorisers, usually the Headteacher and the Deputy Headteacher. Where either the HT or Deputy Headteacher is unavailable, the CFO may act as one of the two authorisers.

Budget holders have a responsibility to secure value for money when making purchasing decisions, and they must ensure, where possible, that three written quotes are obtained for all orders over £5,000. Orders for goods and services over £75,000 (over the life of the contract), are subject to a competitive tender process. Tendering is required for contracts over the threshold in line with the Public Procurement Regulations 2024.

Exceptions to procurement procedures or the requirement to obtain quotes may be made in any of the following circumstances:

- The contract is a negotiated extension of an existing contract (originally approved by Resources Committee or the Trust Board)
- There is no suitable alternative supplier of the goods or services required
- An annual contract may be renewed for up to three years before it is fully reviewed in the interest of partnership working (e.g. payroll or personnel contracts).
- The work consists of emergency repairs to existing equipment.
- Tenders and quotations are being sought jointly by a consortium of bodies of which Denefield School is one member.

Credit card

Denefield has one credit card. The school card is kept in the school safe when not in use. Use of the credit cards is limited to purchases where no credit facilities are available.

To ensure segregation of duties, the School credit card is in the name of the Finance Officer. Transactions using the school credit card should only be made once a purchase order has been raised. All credit card transactions must be authorised by any two of the HT, Deputy HT Teacher and CFO, in line with the bank payment mandate.

Income and banking

All bank accounts are reconciled monthly and signed off by the CFO as part of the monthly balance sheet reconciliations. All income must be recorded accurately and banked promptly.

Payments, whether via BACS, cheque or charge card, must be approved by any two authorised signatories – the head teacher, deputy head teachers, CFO, Chairs or Resources and Trust Board.

The school must not operate an overdraft without prior approval from the DfE.

Payroll and Personnel

Payroll is processed monthly and authorised by the Head Teacher and CFO prior to submission to the Payroll software provider for payment.

The Head Teacher is responsible for authorising all changes to staffing including new appointments, terminations, contract and salary changes. All changes are documented via a signed Contract Authority Form, and then entered onto the HR / payroll system (Edupay).

Payroll is reconciled monthly.

Risk management and insurance

Risk management covers Denefield's entire operations and activities, both financial and non-financial. Overall responsibility for risk management rests with the Trust Board, drawing on advice provided to it by the Resources Committee in its capacity as audit and risk committee, and other committees as relevant. Although the Trust Board has overall responsibility, all trustees, the senior leadership team, and all staff have a role in identifying and mitigating risk.

Denefield maintains a risk register. The risk register is a 'live' document and may be changed and updated at any time. In line with the requirements of the ATH, the Trust Board will conduct a full review of the risk register at least annually to assess the risks arising from the school's operations. The register assesses the likelihood and potential impact of each risk, and identifies control and mitigation measures. Resources Committee and, where appropriate, Standards.

The CFO will ensure that adequate insurance cover is maintained, including employer liability, premises, and business interruption insurance. Resources Committee will review cover at least annually to ensure it is adequate.

Contingency and business continuity plan

Denefield will ensure it has a critical incident plan in place to ensure the continued operations of the school in event of an emergency or disaster. The critical incident plan will be reviewed on an annual basis by Resources Committee.

Fixed assets and depreciation

Procedures for the management and oversight of assets are detailed in the Financial Procedures Manual.

An asset register is maintained for all capitalised assets and other quantifiable assets of a lesser value, including those at risk of theft. The register is reviewed annually and assets are

physically verified annually. A separate 'depreciation schedule' is maintained for capitalised assets.

Any asset individually costing over £1,000, or a group of assets bought in one go costing over £1,000 and with an expected life of more than one year, will be capitalised and recorded in the fixed assets fund in the accounts. As an exception, the full cost of laptops and PCs may be recognised in the year of purchase.

The CFO report annually to Resources Committee to confirm that all items in the asset register have been checked and accounted for, and, where relevant that they have been correctly depreciated or disposed of in accordance with the relevant accounting policies. Depreciation rates are set out in **appendix 2**.

Assets inherited on conversion (to academy status) by the school have been included in the annual statements with an appropriate asset value.

Financial Reporting

The CFO prepares the annual financial statements in accordance with the Academies Accounts Direction. The Trust Board approves the audited financial statements prior to submission to the DfE.

The financial statements are published on the academy's website and submitted to the DFE and Companies House in line with determined filing dates. The CFO also prepares the Annual Accounts Return for audit and submit the AAR to the DFE by the due deadline in January.

Appointment of statutory auditors

The Members of the Trust appoint statutory auditors on an annual basis to audit Denefield's Annual Statement of Accounts, and to undertake other work such as the audit of the annual Teachers' Pensions End of Year Certificate.

Gifts and Hospitality

All gifts and hospitality with a value of over £25 must be recorded in the Gifts and Hospitality Register and have prior approval from the Head Teacher or CFO. Gifts over £25 made to the head teacher must also be separately reported to the Chair of Trustees.

Employees may accept gifts, rewards, or benefits from members of the public or organisations which Denefield has official contacts with only where they are isolated gifts of a trivial character (such as diaries or calendars) or 'one-off' token gifts from parents or carers and their value does not exceed £25. Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to affect a business decision.

Personal gifts from employees to pupils are inappropriate and should not be made. Such gifts could be misinterpreted and may lead to disciplinary action.

Gifts made by the school must be fully documented and have regard to the propriety and regularity of the use of public funds. The register will be reviewed annually by the CFO and reported to Resources. All staff are made aware of the school's policy on gifts.

Pensions

Denefield's employees belong to two principal pension schemes: the Teachers' Pension Scheme (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The Royal County of Berkshire Pension Fund. Both schemes are multi-employer defined benefit schemes.

Teachers' Pensions

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. Contribution rates are set every four years by the TPS actuaries. Contributions are paid monthly to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The CFO is responsible for preparing an annual End of Year Certificate for external audit before submission to the TPS.

Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme for non-teaching Denefield employees is a funded defined benefit pension scheme with the assets held in separate funds administered by trustees of the Royal Berkshire Pension Fund. The LGPS fund must be shown on the Denefield's balance sheet. The valuation of the Fund and employer and employee contribution rates are determined every three years by the Local Authority Pension Scheme Actuary, Barnett Wadham, taking account of relevant assets and liabilities. The Government guarantees that, in the event of academy closure, outstanding LGPS liabilities would be met by the Department for Education. Should the pension reserve move into a potential surplus, we will take advice from the auditors on whether or not to recognise the surplus in the accounts, as this would not create an immediately realisable asset.

Employee and employer contributions are paid monthly to the Royal Berkshire Pension Fund. The CFO is responsible for submitting an annual report to the RBPF by the end of April.

Register of Business Interests and related party transactions

No trustee, member, employee, related individual or organisation may use their connection to the School for personal gain, or receive payment under terms that are preferential to those that would be offered to an individual or organisation with no such connection.

All trustees, members and staff in senior management positions, with financial responsibilities are required to declare any pecuniary, familial or personal business interests annually through the Register of Business Interests maintained by the Governance Professional, or at any other time where there is a potential conflict of interests. They must also declare any relevant business interests at the start of committee or other meetings.

All related party transactions must be declared and reported to the DfE before confirming the transaction with the related party. Related party transactions which exceed £40,000 in the same financial year must have prior DFE approval in advance of the transaction taking place. For the avoidance of doubt, £40,000 applies to any single transaction, not aggregated transactions with the same supplier.

The School must pay no more than 'cost' for goods or services provided to it by

- any member or trustee of the School (subject to provisions in the Articles of Association);
- any individual or organisation connected[1] to a member or trustee of the School.

There is a de minimis threshold of £2,500 on the 'at cost' requirements applying to connected parties, to reduce bureaucracy on minor transactions.

Reserves

The School has a separate policy on reserves which must be summarised in the trustees' annual report within the financial statements. The policy is reviewed annually by Resources Committee and compliance is monitored on an ongoing basis as part of the review of financial management accounts.

Fraud and irregularity

The school has robust internal financial procedures and controls in place to mitigate the risk of fraud and irregularity. All members of staff are expected to be familiar with and adhere to the School's financial procedures. Any instances of fraud or theft will be appropriately investigated and reported immediately to the Head Teacher, the CFO, and the external auditors. In line with the Academy Trust Handbook, any incidences of fraud or theft in excess of £5,000, individually and cumulatively, in any single financial year, must be reported to the DfE.

Monitoring and Review

The Financial Management Policy is reviewed by Resources Committee annually.

Appendices

Appendix 1 Financial Authority Limits and approval limits for purchasing goods and services

Appendix 2 Depreciation Policy

Related policies and documents

Scheme of Delegation
Financial Procedures Manual
Charging & Remissions Policy
Resources Committee Terms of Reference
Risk Register
Staff and trustees' Expenses Policy
Whistle-blowing Policy
Reserves Policy
Investment Policy

[1] This includes, but is not limited to, a close relative or member of the same household, such as a child, parent, spouse or civil partner, an individual or organisation carrying on business in partnership with the trustee or member, a company where the trustee or member holds more than 20% of the share capital, or where they have significant control.

Appendix 1 –Financial Authority Limits

Approval limits for purchasing goods and services

Spend Threshold (ex vat)	Approval required	VFM evidence
£0 - £1,000	Budget Holder	Ensure best value
£1,000 - £5,000	Budget Holder and CFO	Ensure best value
£5,000 - £10,000	Budget Holder and CFO	3 written quotations unless a DfE approved framework is used
£10,000 - £50,000	CFO and Head Teacher	3 written quotations unless a DfE approve framework is used
£50,000 - £75,000	Head Teacher and Chair of Resources Committee	3 written quotations unless a DfE approve framework is used
Over £75,000	Chair of Trustees (in exceptional circumstances) Trust Board	Competitive Tender

Notes

- Purchases over £10k should be reported to Resources Committee at the next meeting.
- Budget holders are responsible for obtaining best value at all times
- All Purchase Orders for goods or services over £1000 are reviewed by the CFO prior to despatch.
- In relation to contracts, the value is determined with reference to the total value over the length of the contract

Summary of other approvals

Category	Approval required
All bank payments (including BACS, Charge card / cheques)*	Any two authorised signatories: HT, DHT, CFO, Chair or Vice Chair
Payroll**	Head Teacher and CFO
Budget virements up to £5k (net) Budget virements £5k to £10k (net) Budget virements over £10k (net)	CFO CFO and HT Resources Committee / Trust Board

*Two approvers are required to release a BACS payment. The CFO can only be the first approver. The second approver must be either the Head Teacher or the Deputy Head Teacher.

**For payroll, online payroll reports are checked and signed off by the CFO and then the HT before processing. Once approved, the BACs schedule is automatically generated and submitted to the payroll provider (Orovia) for payment at the bank.

Appendix 2 - Depreciation Policy

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following basis:

Asset type	**Basis**	**Period of depreciation**
Freehold property and buildings	2%-20% straight line	5 to 50 years
Furniture and equipment (not IT)	5%-33% straight line	3 to 20 years
Fixtures and fittings / Plant & Machinery	5%-20% straight line	5 to20 years
Computer equipment	10%-33% straight line	3 to 10 years

The cost of laptops and PCs will be recognised in-year.