

Denefield School

Financial Management Policy

Approved by Resources Committee on	5 October 2023
Date of next review	October 2024
Review cycle	Annual
Policy control sheet updated	Yes
Type of policy	Required by Academy Trust Handbook
Policy owner	Finance and Business Director
Location of policy	Denefield School website

Financial Management Policy

Purpose

As an academy, Denefield receives most of its annual funding from the Education and Skills Funding Agency (ESFA). This policy determines the framework within which Denefield manages its finances, maintains robust internal financial controls and ensures the safeguarding of public money. This policy and the associated procedures set out in the Financial Procedures Manual will help to ensure the efficient use of resources to maximise outcomes for students.

Compliance

All staff and trustees of Denefield must comply with relevant statutory regulations and guidelines relating to financial management in schools, including:

- [The Academy Trust Handbook](#) (published annually by the ESFA and effective from 1 September)
- [Academies Accounts Direction](#) (published annually by the ESFA in May).
- [HM Treasury's Managing Public Money](#), published May 2012 and last updated Jun 2021
- ["The Seven Principles of Public Life"](#) (Committee on Standards in Public Life, May 1995)
- Staff and trustees must also comply with the legal requirements of its Funding Agreement with the Secretary of State for Education and act in accordance with Denefield's Articles of Association.

Budget setting and strategic financial planning

The Trust Board will aim to set a balanced income and expenditure budget for the financial year (1 September to 31 August) and an indicative 3 to 5 year forecast. The budget will be submitted to the Trust Board for approval in July. Any subsequent significant changes to the budget must be submitted to the Trust Board or Resources Committee for approval. When setting the budget the Trust Board will consider the aims and objectives of the school and the School Development Plan to ensure that the budget reflects these.

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 ESFA within 14 calendar days of the decision.

Denefield will also complete and submit to the ESFA, in a format specified by the ESFA, the three year budget forecast return (BFR) in accordance with the ESFA's filing deadlines. This must be approved by the trustees.

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.

Delegation of responsibility

Denefield's Scheme of Delegation sets out the functions that are delegated to other committees and key personnel. The Trust Board has delegated certain financial and audit functions and decision-making to its Resources Committee (Resources), in accordance with the terms of reference of that committee. It has delegated responsibility to the Headteacher, who acts as the School's Accounting Officer, for the financial integrity of the school and the overall management of the annual budget.

The Finance and Business Director (FBD) is responsible to the Headteacher for implementing effective financial procedures and controls, day to day budgetary control, preparation of an annual budget, monitoring reports, providing technical advice and liaison with the school's statutory external and internal auditors. Financial authority limits are detailed in [appendix 1](#).

Internal Assurance

The Resources Committee will ensure the School has a 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 Resources Committee, in its capacity as the audit committee, will determine and direct Denefield's programme of internal scrutiny, which should be informed by identification and assessment of risks. The internal scrutiny programme should 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 to the school. The appointed internal auditors, and other suitable bodies as required, will act as an independent assessor of the School's financial and non-financial procedures and controls and will seek to fulfil their internal assurance obligations, usually through two visits a year.

Annual Report and Financial Statements

The School will prepare audited annual accounts in the format prescribed by the Academies Accounts Direction, Companies law, and Charity guidance. Annual accounts will be submitted to the ESFA and Companies House in accordance with determined filing dates and the accounts will also be published on the school's website by 31 January of the year following the end of the previous financial year. The School will also prepare the Annual Accounts Return for audit and subsequent submission to the ESFA by the due deadline, usually in January.

Appointment of statutory auditors

The Members of the Trust will appoint statutory auditors on an annual basis to audit its Annual Statement of Accounts, as required by law, and to undertake other work as required, such as the annual Teachers Pensions audit.

Financial Management and Governance Self-Assessment

Trustees will ensure that robust financial management and governance arrangements are in place and each year trustees will review these arrangements and identify areas for change by completing and submitting the ESFA's School Resource Management self-assessment tool 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. Steps being taken to address any issues arising will be reported by the FBD for consideration by Resources Committee.

Purchasing

All staff must adhere to the procedures for purchasing items 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 and thus to minimise the potential for fraud. With this in mind, the FBD reviews all purchase orders above £500 before they are sent. Invoices are checked and authorised by the relevant budget holder and subsequently signed off by the FBD that they are appropriate and accurate. All payments from the bank or credit card require two signatories. Usually the Headteacher and Deputy Headteacher will authorise invoices for payment. Where either the HT or Deputy Headteacher is unavailable, the FBD 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.

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 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

The School has one credit card. The school card is kept in the school safe when not in use. To ensure segregation of duties, the School credit card is in the name of the Finance Officer. The card cannot be used by anyone else.

The use of the credit cards is subject to specific control procedures and is limited to purchases where no credit facilities are available. The credit card may only be used once a purchase order has been signed off by the FBD and a credit card authorisation form has been signed by any two of the HT, Deputy HT Teacher and FBD, in line with the bank payment mandate.

Gifts

The school maintains a gifts register which provides the following details of gifts received by staff or gifts made to the school:

- the circumstances in which the gift was made
- the nature of the gift and estimated value
- name of the donor and the beneficiary

Gifts with a value of over £25 must be recorded in the register. Gifts over £25 made to the head teacher must also be separately reported to the Chair of Trustees. Any 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 FBD and reported to Resources. All staff are made aware of the school's policy on gifts in the staff planner.

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 gives could be misinterpreted and may lead to disciplinary action.

Financial Procedures

All procedures relating to the financial management of the School are contained in the Financial Procedures Manual (FPM). Procedures exist to ensure that resources are managed effectively and that value for money is secured. All finance staff and staff who have budget responsibilities are required to comply with the FPM. The FBD 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.

Contingency and business continuity plan

Denefield will ensure it has 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.

Risk management

Overall responsibility for risk management, including oversight of the risk register, is retained by the Trust Board, drawing on advice provided to it by the Resources Committee in its capacity as nominated audit and risk committee and other committees as appropriate. Although the Trust Board has overall responsibility, all trustees, the senior leadership team, and all staff have a role in identifying and mitigating risk.

Risk management covers Denefield's full operations and activities, not only financial risks. In line with the requirements of the ATH2023, the Trust Board will periodically review the risk register to assess the risks arising from the school's operations, and conduct a full review of the risk register at least annually. The register assesses the likelihood and potential impact of each

risk, and identifies control and mitigation measures. Resources Committee reviews the register on a rolling basis and reports periodically to the Trust Board.

Asset management and depreciation policy

Procedures for the management and oversight of assets are detailed in the FPM. 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. All capitalised assets as well as quantifiable assets of a lesser value, including those at risk of theft, will be recorded in an asset register, and reviewed annually.

The FBD will 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 and managed / 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.

Local Government Pension Scheme

Unlike the Teachers Pensions Scheme, which is an 'unfunded' scheme financed by the Government, the Local Government Pension Scheme provided for Denefield employees by the Royal Berkshire Pension Fund is a funded scheme which must be shown on the School's balance sheet. The valuation of the Fund is provided by the Local Authority Pension Scheme Actuary taking account of relevant assets and liabilities. Contributions paid by employees and Denefield School, as the employer, are determined in conjunction with the Scheme Actuary to provide career average benefits for members. The Government guarantees any pensions deficit outstanding in the event that the School had to close.

Register of Business Interests and related party transactions

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. Trustees, members and other attendees are required to declare any such interests or 'related party transactions' relating to any Trust Board or committee meeting agenda item at the start of that meeting.

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.

The School will seek to use the ESFA's online form to report all transactions with related parties to the ESFA in advance of the transaction taking place, and will seek prior ESFA approval where the value of a contract or agreement for the supply of goods or services to Denefield by a related party exceeds £40,000 in the same financial year, as set out in the ATH 2023 para 5.42. For the avoidance of doubt, £40,000 applies to any single transaction, not aggregated transactions with the same supplier.

At-cost requirements

As an Academy trust, the School must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

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

The following persons are connected to a member, or trustee:

- a relative of the member or trustee. A relative is defined as: a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner;
- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee;
- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company;
- an organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes;
- any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body related to such individual or organisation;
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body related to such individual or organisation.

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 and this will be summarised in the trustees' annual report within the financial statements. The policy will be monitored and evaluated on an annual basis by Resources Committee.

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 to the external auditors, and, where required, to the ESFA. As an academy trust, the School **must** notify the ESFA of any losses through fraud or theft in excess of £5,000, individually and cumulatively, in any single financial year.

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

Financial Procedures Manual

Charging & Remissions Policy

Resources Committee Terms of Reference

Trustees' Expenses Policy

Risk Register

Staff Expenses Policy

Whistle-blowing Policy

Reserves Policy

Appendix 1 –Financial Authority Limits

Approval limits for purchasing goods and services

Value of purchase order / requisition	Requirement	Authorisation required			
		Budget holder	FBD	Head Teacher	Chair of Resources Committee
£0 - £1,000	-	✓	x	x	x
£1,000 - £5,000	Evidence of market testing	✓	✓	x	x
£5,000 - £10,000	3 written quotations	✓	✓	x	x
£10,000 - £50,000	3 written quotations	✓	✓	✓	Note 1
£50,000 - £75,000	3 written quotations	✓	✓	✓	✓
Over £75,000	Competitive Tender	✓	✓	✓	✓

Note 1: Purchases over £10k should be reported Resources Committee at the next meeting.

Notes

- Budget holders are responsible for obtaining best value at all times
- All Purchase Orders raised online of any value are reviewed by the FBD prior to despatch.

Summary of financial authority limits by category

Name	Purchase orders	Contracts	Cheques	BACS	Payroll	Budget virement / asset disposal
FBD	Up to £10k: FBD or HT £10k to £50k FBD and HT	Up to £50k with a 3 year max term: FBD and HT	Any two authorised signatories HT, DHT, FBD, Chair or Vice Chair	Any two of HT, DHT, FBD* or nominated authoriser.	First approval of payroll submission. Sign off BACS schedule** after HT's approval of all payroll changes	Up to £5k
HT Teacher (HT)	Up to £10k: FBD or HT £10k to £50k FBD and HT	Up to £50k with a 3 year max term: FBD and HT	Any two authorised signatories HT, DHT, FBD, Chair or Vice Chair	Any two of HT, DHT, FBD* or nominated authoriser.	Approval of all changes and final approval of payroll submission	Up to £10k
Deputy HT Teacher (DHT)	No	No	Any two authorised signatories HT, DHT, FBD, Chair or Vice Chair	Any two of HT, DHT, FBD* or nominated authoriser.	No	No
Resources / Trust Board	No	Any contract over £50k	No	No	No	Over £10k Chair may authorise in

		Chair or vice chair may authorise in exceptional circumstances . Formal tender process required				exceptional circumstances
--	--	---	--	--	--	---------------------------

*Two approvers are required to release a BACS payment. The FBD 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 FBD and then the HT before processing. 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	5%-20% straight line	5 to 20 years
Computer equipment	10%-33% straight line	3 to 10 years