Financial Management Policy 2026-27



The Stour Federation

1. INTRODUCTION

The purpose of this document is to set out the Financial Management Policy framework and operational procedures adopted by The Stour Federation Multi Academy Trust in order to discharge its responsibilities for the sound financial management of the Trust.

This policy and the operational procedures have been drawn up to meet the requirements and guidance set out in:

- **Funding Agreement:** The Master and Supplementary Funding Agreements between the Secretary of State for Education and The Stour Federation Multi Academy Trust.
- **Articles of Association:** The Memorandum and Articles of Association of the Academy Trust.
- **Academy Trust Handbook 2026:** The Department for Education (DfE) Academy Trust Handbook 2026 (effective 1 October 2026). Compliance with the handbook is a condition of the Trust's funding agreement.
- **Academies Accounts Direction:** The DfE guidance setting out requirements for preparing annual reports and financial statements for accounting periods ending 31 August.

2. PRINCIPLES AND GOVERNANCE VALUES

Everyone involved in managing The Stour Federation finances is expected to behave honestly, openly and in the best interests of the Trust, the schools and its governors, staff, children and parents, and to adhere to the rules laid out in this policy and in the other publications mentioned above. The Trust Board and each Local Academy Council will manage their affairs in accordance with the high standards detailed in Staff Behaviour Policy (Code of Conduct) and in line with the seven principles of public life:

- **Selflessness -** holders of public office should take decisions solely in terms of the public interest.
- **Integrity** - holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity** - holders of public office must act and make decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability** - holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness -** holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty** - holders of public office should be truthful. financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Leadership** - holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

3. FINANCIAL STANDARDS

The key aspects of financial administration of the school fall under the following operational headings:

- Organisation of responsibility and accountability.
- Budgets, Financial Planning and Investments.
- Financial Administration.
- Audit and Internal Scrutiny.
- Insurance and Risk.
- Purchasing and Procurement.
- Personnel and Payroll.
- Computer Systems and Cyber Security.
- Assets.
- Income and Lettings.
- Banking Arrangements.

4. ORGANISATION OF RESPONSIBILITIES AND ACCOUNTABILITY

Members
Members of the Trust have a statutory role, similar to the role of shareholders of a company. They subscribe to the memorandum of association and have the following main responsibilities:

- Removing and appointing trustees.
- Appointing external auditors.
- Receiving the audited annual accounts.

Trust Board
The Trust Board holds ultimate accountability for the Trust's strategic leadership, educational performance, and financial oversight. The Board must ensure regularity, propriety, value for money, and financial sustainability as a going concern.

The financial role of the Trust Board (and Local Academy Councils) is set out in the scheme of delegation (See Appendix 1). The Academy Trust Handbook defines the Trust Board's role as having three core functions:

- Enduring clarity of vision, ethos and strategic direction.
- Holding executive leaders to account for the educational performance of the organisation and its pupils and the performance management.
- Overseeing and ensuring effective financial performance.

The Trust Board interacts with the Local Academy Councils, to advise on appropriate means in which their requirements which have budget implications can best be met.

The Trust Board must ensure regularity, propriety and feasibility in use of the Trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The Trust Board must also take ownership of the Trust's financial sustainability and its ability to operate as a going concern.

The Trust Board should have a wide variety of skills between them, including financial knowledge and experience. Gaps in skills should be considered when appointing new Directors.

The Trust Board formally approves each school's budget prior to submission to the DfE and maintains an overview of these budgets throughout the year by ensuring the schools are keeping within their budget limits.

The Trust Board must agree and approve the overall Trust budget for the year, including the annual percentage top-slice of each academy's GAG funding.

The Trust Board appoints an Internal Auditor to ensure appropriate controls are in place in all the academies in the Trust.

Inclusion, SEND and Local Authority Collaboration
The Trust Board ensures inclusion is embedded across all aspects of Trust provision. The Trust implements a clear, trust-wide approach to identifying and meeting the needs of pupils with SEND, disadvantaged pupils, and those known to social care. The Board designates the SEND Trust Board Director for oversight of SEND and inclusion. The Trust complies with legal duties to cooperate constructively with local authorities and system partners regarding place planning pressures, local area sufficiency, inclusion strategies, and contributing to the 'Experts at Hand' offer.

Trust Resources and Audit Committee
The Academy Trust Handbook requires multi academy trusts to have both a Finance committee and an Audit and Risk committee. As the annual income of The Stour Federation is less than £50 Million (based on its last audited accounts), the Trust is able and has opted to combine these committees which forms the Resources and Audit Committee, who meet six times per year.

In relation to finance, the Trust Board delegates financial scrutiny and oversight which supports the Board in maintaining the Trust as a going concern. This delegation includes responsibility for:

- Budget setting.
- Budget monitoring.
- Risk management.
- Internal scrutiny.
- External audit.

Appropriate structured financial training - covering financial management, control, monitoring, and reporting - is provided by our accountants to Trust Board directors, particularly members of the Resources and Audit Committee, to ensure robust executive oversight.

Local Academy Councils
The Trust Board has delegated duties to each Local Academy Council, so that they are responsible for ensuring that their school meets all the obligations placed upon it by the Secretary of State for Education.

Each Local Academy Council has responsibility for administration of their school's finances. The main financial responsibilities of the Local Academy Councils are prescribed in the Funding Agreement between the school and the DfE and in the Trust Terms of Governance.
The Local Academy Councils meet at least once a term.

Chief Financial Officer
The Chief Financial Officer CFO) is based in the central office at Shipston-on-Stour Primary School, to whom responsibility for the Trust's detailed financial procedures is delegated. They are responsible for:

- Leading the Finance Team of office staff and financial management across the Trust.
- Preparing annually a budget with the appointed accountants, discussing it with and obtaining the approval of Headteachers and thereafter each Local Academy Council and Trust Board, the approval of which must be minuted. Subsequently the budget must be submitted to the Department for Education (DfE).
- Ensuring the prompt and accurate recording of all financial transactions on each school's accounting records, ensuring that sound systems of internal control are in place and which enables the proper processing of the school's transactions, in accordance with CC8 - Internal Financial Controls for Charities.
- Liaising through the Finance Office with external agencies including major suppliers and Warwickshire Education Services to ensure each school's best financial interests are met.
- Setting up the School Chart of Accounts in the Trust's financial accounting system (Access Education).
- Monitoring all income and expenditure and acting accordingly.
- Liaising with external auditors, who undertake the Responsible Officer role.

The CFO is responsible for overseeing the organisation of the Trust's accounting records, the placing of approved orders, the processing and payment of agreed invoices, and the periodic production of reports for budget holders, receiving, recording and banking school income, and the financial administration of free school meals and school trips, reconciling control accounts, including bank and credit card reconciliations and preparing monthly and year end accounts.

The CFO and other key financial staff should maintain continuing professional development and/or personal development and undertake relevant ongoing training.

CEO and Accounting Officer

The CEO has overall executive responsibility for the Trust's activities and is the Accounting Officer for the Trust. The responsibilities are defined within the Academy Trust Handbook. In summary, this entails the following:

- Personal responsibility to Parliament, and to the DfE's accounting officer, for the Trust's financial resources.
- Ability to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety, feasibility and value for money, including economy, efficiency and effectiveness.
- Adherence to The 7 principles of public life.
- Oversight of financial transactions.

The Accounting Officer has the responsibility for the following duties that must not be delegated:

- Complete and sign a statement on regularity propriety and compliance each year, which must be included in the Trust's audited annual accounts.
- Demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.
- Assuring the Trust Board that there is compliance with the Academy Trust Handbook and the funding agreement.
- Advising the Trust Board in writing, if action it is considering is incompatible with the articles, funding agreement or handbook. This includes where such action conflicts with the duties of the accounting officer, to ensure regularity, propriety, value for money and feasibility.
- If the board fails to act where required by the funding agreement or handbook, the Accounting Officer must advise the board in writing. Where the board is minded to

proceed despite the accounting Officer's advice, and the Accounting Officer still considers the action proposed by the board is in breach, the Accounting Officer must notify DfE's Accounting Officer immediately in writing.
- Notify the Trust Board immediately if the Trust's ability to operate as a going concern is at risk.

Headteachers
The Headteacher of each school will work with school finance staff and the CFO in setting and monitoring the school's budget, and will attend Local Academy Council meetings to provide financial information. They will authorise payments and financial transactions. Alongside the CEO, they are personally responsible to their Local Academy Council for:

- Ensuring regularity and propriety.
- Prudent and economic administration.
- Avoidance of waste and extravagance.
- Efficient and effective use of available resources that ensures value for money.

Headteachers should exercise strategic, curriculum-led financial planning to ensure the equitable deployment of budgets and resources, in the best interests of pupils' achievements and the school's sustainability. The CEO can provide guidance on how this can be achieved.

Office Managers
Office Managers work in close collaboration with and are responsible to the CFO. They have direct access to each Local Academy Council and should be consulted by finance staff within the academies during the budget setting process. Main responsibilities include:

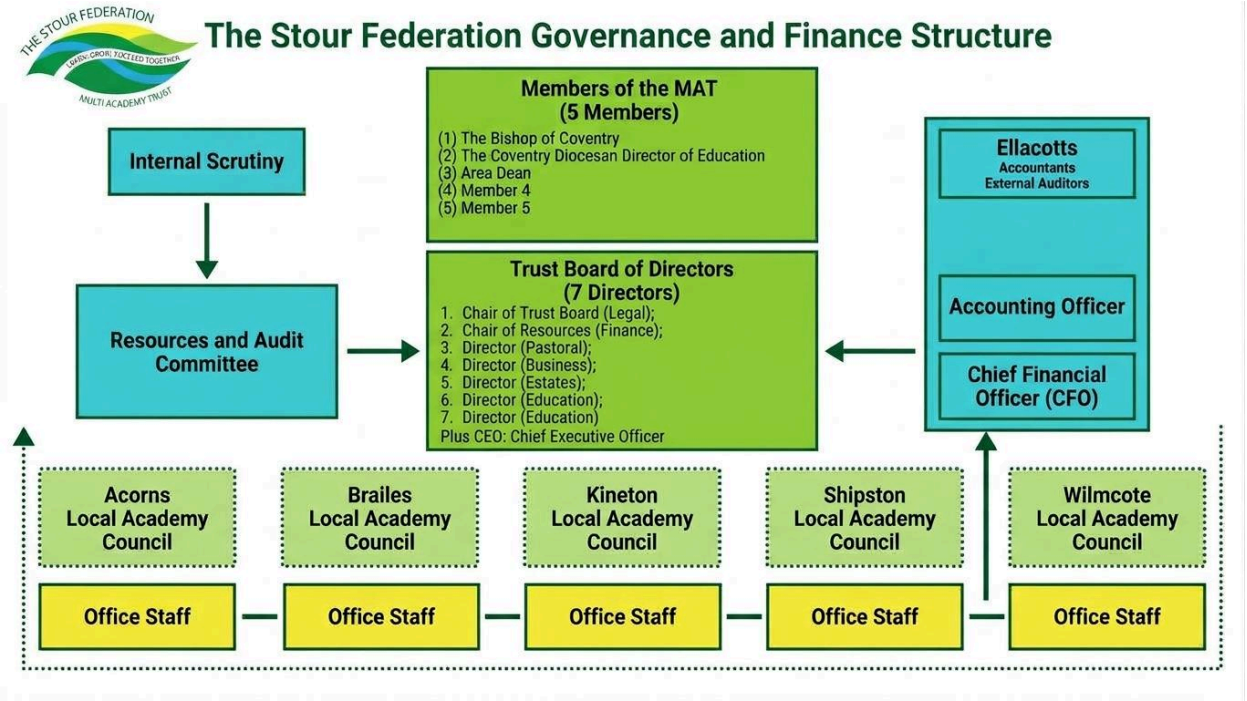
- To complete Month End Financial Controls Return and monthly Management Report to meet specified deadline.
- To report to the Headteacher, the Local Academy Councils and to the CFO and Trust Central team as required.
- Assisting the Headteacher in the formulation of the annual budget and three-year plan.
- Preparation of information required for compliance and submissions to government bodies, including returns to the DfE, HMRC, internal audit and the annual accounts.
- Liaising with the Trust's payroll providers, to ensure they have been provided with the most up to date information.

Office Managers are responsible for the administration of HR, including: administration of staff appointments, resignations etc., and maintaining input of personnel data to the Management Information System (SIMS), Access Education (Finance and Budgets) and Payroll (EPM).

Office Admin Assistants
Office Admin Assistants work in close collaboration with Office Managers. The main financial responsibilities include:

- Day to day management of financial transactions and finance related matters.
- To ensure that all accounting records are properly and accurately maintained and that all financial transactions are recorded promptly.

Protocol for Financial Queries
The Headteacher and Local Academy Council Governors are responsible for their budgets. Governors should contact the school Office Manager and Headteacher in the first instance for any school level queries. If they cannot be resolved, a query should be raised with the CFO. If there is still no resolution, the CFO will contact the Trust's accountant.



5. BUDGETS, FINANCIAL PLANNING AND INVESTMENTS

Budget Planning

The Trust prepares and maintains rolling 3 year financial and curriculum planning for the central Academy Trust operation and each school within it. These plans are prepared to inform the Trust's strategic development planning processes and to ensure resource allocation is aligned with educational impact and sustainability.

Future year's forecasts must be considered at the budget setting stage, having due regard to the future financial stability of the Trust and the provisions of the DfE guidance Operating an Academy Trust as a Going Concern. This includes but is not limited to the adherence to an agreed Reserves policy of not less than 5% of total income and not more than 20% of total income.

With support from the CEO and CFO, Headteachers are responsible for the preparation of their school's annual budget. Budgets must be planned on a three-year rolling cycle and must take account of all expected income and expenditure, bearing in mind:

- Known and expected changes to pupil numbers, including those eligible for Pupil Premium, those who are looked after or Service children.
- Known and expected changes to funding formulae.
- Reasonable estimates of other income such as for catering and lettings.
- Known and expected changes to staffing and the impact of incremental increases and performance management reviews on salary costs.
- The cost of staff recruitment, training and professional development.
- The requirements for curriculum resources to support objectives identified as key Trust priorities and those in individual School Improvement Plans.
- The costs of maintaining premises and grounds to align with Trust premises surveys.
- The cost of IT investment to align with IT surveys/compliance.
- The costs of utilities, insurances, rates and administration.
- The likely effects of inflation (which may differ between budget headings).
- The effect of efficiency savings, where they can be identified.

Total planned expenditure for the academic year may not exceed GAG income, adjusted by amounts brought forward from the previous year, any additional income receivable and any in-year adjustments.

Future years' forecasts must be considered at the budget setting stage having due regard to the financial sustainability of each school and in particular adherence to the Trust Reserves Policy and key performance Indicators.

The budget and three-year forecast should be accompanied by a narrative which includes an explanation of how the budget strategy meets Trust and school priorities, a summary of key assumptions that have been made at school level and identification of the key risks and opportunities associated with the budget.

The CFO and CEO will support each school in the preparation of a draft budget as required. The budget will be created and presented using software as prescribed by the CFO.

Budget Approval
Once prepared, a draft budget will be presented to the Local Academy Council for approval. When the budget is agreed at local level, it can then be presented to the Trust Board for approval. Agreements and any comments arising should be minuted.

Once approved, the budget must be submitted to the DfE as part of the Trust's Budget Forecast Return (BFR) by the required submission deadline.

If a revenue deficit budget is proposed that cannot be addressed via reserves, the Trust must notify the DfE within 14 calendar days.

The DfE has the right to request more information regarding the Trust's budget and the CFO must ensure that they are aware of any new submissions.

As the Trust is a registered corporate body, The Stour Federation must also submit their annual accounts to Companies House by 31st May following the end of academic year on 31st August.

The Trust must publish an annual summary statement on its website by 31st January (accompanying the annual accounts) outlining how funds and GAG are distributed across constituent schools.

Budget Changes
Headteachers and Local Academy Councils authorise budget changes and virements, providing there is no worsening of forecast outturn (reserves carry forward) or significant negative financial impact on the subsequent year. The authorisation of such changes must be minuted, and the changes should be explained in the next management report.

Any budget changes or virements which worsen the financial position as above, should be referred to the CFO who will notify the CEO. Approval will then be sought from the Trust Board. Significant variations from the budget must be reported to the DfE by the CFO.

Budget Deficits
The Trust is not permitted to set a net deficit budget without the explicit permission of the Secretary of State, and so deficit budgets from individual schools will not normally be accepted. If, during the year, it becomes apparent that a net deficit may occur, either in the current or in future financial years, the Local Academy Council, Headteacher and/or Office/ Manager should inform the CFO and CEO immediately.

Budget Surpluses
Local Academy Councils, Headteachers and Office Managers should bear in mind that funds are made available to them for the benefit of the children in school in each financial and academic year. The CFO has the responsibility to query the holding of a budget surplus where the amount held is:

- In excess of the Reserves Policy target and
- Considered to be excessive and
- If there are no clear plans for its deployment in future years.

Monthly Management Accounts
The Academy Trust Handbook requires that the Trust must prepare monthly management accounts. These management accounts must be shared with the Trust Board Chair each month and with other Trust Board Directors six times a year. The format of the management accounts must include:

- An income and expenditure account.
- Variation to budget report.
- Cash flows and balance sheet.
- Narrative providing explanations of the main variances arising and any key issues.

These accounts should include both individual and consolidated data from each school and the central operation.

Office Managers carry out a routine monthly reporting procedure. The monthly procedure involves a series of checks and reconciliations and the preparation of a management report. Bank reconciliations and payroll journals must be completed by the 15th of each month in order for management accounts to provide an accurate picture for school leaders and governors.

Investments
The Academy Trust has an Investment Policy to manage and track its financial exposure, and ensure value for money. The Trust Board may invest to further the Trust's charitable aims but must ensure investment risk is properly managed.

The Trust Board follows the Charity Commission's guidance: CC14 Investing charity money: guidance for trustees.

6. FINANCIAL ADMINISTRATION

Accounting Systems and Records
The Trust uses Access Education cloud accounting. Records are retained for 6 years plus the current year. The Resources and Audit Committee directs internal scrutiny, and an annual summary report is submitted to DfE by 31 December.

Taxation
The Trust and all schools within it abide by the procedures issued by HMRC in connection with VAT. VAT claims on expenditure items are made using the VAT 126 process. The CFO has overall responsibility for monitoring this. VAT claims are made to HMRC every month by the Office Managers. Claims will be made only for invoices in the name of the relevant school or the Trust.

The Trust is not VAT registered as its main supply is outside the scope of VAT. VAT is therefore not charged on any supplies. The CFO will regularly review 'business activities' that are not

closely related to the exempt supply of educational services, in order to ensure they do not exceed the VAT registration turnover threshold.

As an employer, the Trust must deduct PAYE income tax and national insurance and ensure these amounts are paid to HMRC within the statutory deadlines. The Trust is also subject to employer's national insurance, which should be deemed a salary cost by each of the academies within their budget. As a result of this liability, academies must consider the additional cost of employer's national insurance when hiring for a new position. All payroll related taxes for the Trust and employees of The Stour Federation are calculated by the Trust's external payroll providers.

7. AUDIT AND INTERNAL SCRUTINY

External Audit
The Trust recognises the need for assurance and independent scrutiny of its finances and follows the rules set out in the Academy Trust Handbook and Companies Act 2006 including:

- Appointment of an auditor to certify whether their annual accounts present a true and fair view of the trust's financial performance and position (appointment being by the Members).
- Provisions for the removal of the auditors before the expiry of their term of office in exceptional circumstances. Proposals to remove the auditors require a majority vote of the Directors of the Trust Board.
- Requiring auditors to report their reasons for resignation to the Trust Board if they resign before the fixed term has expired.

In the case of removal, the Trust Board must notify the DfE of the reason for the removal. In the case of resignation, the auditors must copy to the DfE a statement of their reasons.This statement must also be sent to the MAT within 14 days of the resignation.

An accounting officer's statement on governance, regularity, propriety and compliance is included in the Trust's annual report. A review of this statement is included within the external auditors' remit and their opinion on this is addressed jointly to the academy and the DfE.

The accounting officer also has a responsibility to advise the Trust Board and the DfE of any instances of irregularity or impropriety, or non-compliance with the terms of the school's funding agreement. The DfE may recover funds where there is evidence of irregularity or fraud.

Internal Scrutiny
The Academy Trust Handbook states that all academy trusts must have a programme of internal scrutiny to provide independent assurance to the Trust Board that its financial and non-financial controls and risk management procedures are operating effectively.

The Resources and Audit Committee direct the Trust's programme of internal scrutiny, ensure that risks are being addressed appropriately through internal scrutiny and report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

The Trust delivers Internal Scrutiny by way of a local governor with suitable professional expertise and experience relevant to the area being reviewed.

Fraud
All staff members of the Trust should understand the risks of fraud, how to identify a potential fraud and what procedures to follow if fraud is discovered. Staff members should consider

both external and internal fraud. This section contains measures intended to reduce the risk of fraud.

The external auditors are required to provide reasonable assurance that material fraud has not taken place, although the Trust understands that it is not the auditor's responsibility to detect all instances of fraud.

External fraud occurs when someone from outside the Trust will attempt to deceive finance staff working within the Trust in an attempt to steal the Trust's funds. The most common types of fraud are:

- **Invoice fraud:** The fraudster will send an invoice for payment for a commonly used supplier and change the bank details so that the payments are redirected towards them. Sometimes, the fraudster won't issue a new invoice, just a notice of change for bank details.
    - To reduce the risk of invoice fraud, any change in bank details needs to be confirmed with the supplier, preferably by calling a known contact at the supplier.
- **Identity theft:** The fraudster will present themselves as a senior member of staff and ask for payment into a bank account.
    - To reduce the risk of identity theft, senior staff members should never ask a finance staff member to arrange a payment which is outside the normal financial procedures.
- **Cyber threats:** The fraudster could use a variety of methods to try and obtain data through the Trust's computer system, including but not limited to viruses and malware. This data could potentially be used to access the Trust's bank details and arrange payments.
    - To reduce the risk of cyber threats, the Trust will ensure that it employs cyber defence measures such as firewalls and changing passwords regularly.

Senior leaders within the Trust should be aware that most cases of fraud within the education system, are committed by a member of staff. This will normally involve a staff member that has access to the finance system and stealing money from the Trust by paying academy funds into a personal bank account.

To reduce the risk of fraud, the Trust requires all new staff members to complete a DBS check to ensure they do not have a criminal record. Applications for a position within the Trust's finance team from anyone with a criminal record should be rejected.

Two-step Verification

All schools, and the Trust, must ensure that two people approve payments and only these two people have access to the equipment needed to approve the payments. This equipment will be provided by the bank and will include a card and card reader along with a pin. The equipment needs to be kept secure and should be kept separate apart from when they are needed to approve payments. If any of this equipment is lost, then the Office Manager or CFO must be told immediately.

The CFO will set up the staff members who can approve payments using the online banking system. The Trust has provided approving powers to senior staff in case of emergency, but this should not be used apart from in exceptional circumstances when both of the school approvers are not able to approve the payments.

Limits on Credit Card

To reduce the risk of fraudulent transactions on a credit card issued on the school's or Trust's name, strict credit limits are imposed.

Recommended Procedures by Banks
All schools, and the Trust, should follow the recommended procedures issued by our bank to reduce the risk of fraud.

Procedures for Suspicions of Fraud
If a staff member suspects fraudulent activity they should consult the Trust's Whistleblowing Policy, where it states who to contact to report concerns.

8. INSURANCE AND RISK

The Trust Board must take out such insurance as it seems fit and/or as it is advised, and to comply with statutory requirements. The Trust Board must obtain the following insurance cover:

- Buildings and Contents (RPA).
- Employers and Public Liability (RPA).

The Stour Federation is a member of the Department for Education's Risk Protection Arrangement (RPA) which operates a voluntary arrangement for academies. It is an alternative to insurance through which the cost of risks that materialise will be covered by government funds.

All schools will be enrolled in the Risk Protection Arrangement (RPA) provided by the DfE which aims to cover all likely insurable events:

- Buildings and contents.
- Business interruption.
- Employer's liability.
- Third party (public) liability.
- Governors' liability.
- Professional indemnity.
- Fraud.
- Money in transit.
- Personal accident.
- UK travel.
- Legal expenses.

Office Managers should inform the CEO of any claims to RPA, or incidents that might lead to a claim within five working days.

Schools must arrange and pay for their own insurance for minibuses and other vehicles.

Teacher absence and maternity insurance is currently provided by Education Mutual through the central fund. However, non-teaching insurance is at the discretion of the individual school, although the Trust may seek to establish a group arrangement in the future.

All risks should be reviewed annually to ensure that the cover is adequate.

The RPA provides personal accident cover for employees, Directors, volunteers and pupils while on school business in the UK. Cover is also provided for personal possessions while travelling on school business.

All contractors must have public liability insurance to the value of £5m, before they are allowed to undertake work on school premises.

People hiring the school premises and using the facilities are not covered by the school's insurance. Hirers need to take out their own insurance and public liability.

9. PURCHASING, PROCUREMENT AND MANDATORY DfE FRAMEWORKS

The Trust must consider DfE purchasing opportunities (Get Help Buying for Schools) and formally record its decision-making.

The Trust must use the Government Commercial Agency agreement for supply staffing unless an alternative compliant agreement with non-exceeding rates is in place.

The Trust must use DfE Energy for Schools or a DfE-approved energy deal upon contract renewal unless an alternative deal with comparable pricing is secured.

All MIS contracts must align with DfE's MIS framework by September 2027. Contracts expiring before September 2027 are limited to maximum 12-month extension/transitional arrangements.

Purchasing and Tendering Thresholds
For purchases exceeding certain values, and below the tendering limit of £50,000, a specified number of quotations are required as follows:

Financial Authorisation Limits

Expenditure Limits within Budget	
Office Admin Assistants	£200 through for emergency items (e.g. replacement part for the caretaker).
Office Managers/Business Managers	Up to £1000 for payment, based on all documentation being available and complete.
Heads	Items up to £5000 and within budget. Approved by the CFO and CEO and reported to the LAC.
CEO	Items up to £10,000 that is within the central budget. Approved to the CFO and reported to the Trust Board.
Ordering Procedures	
Less than £5,000	One written quotation is required. This can be a written confirmation or an oral quotation. Reported to the CFO.
Between £5,000 and £10,000	Two written quotations are required and LAC/CFO approval.
£10,000 and over	Three written quotations are required and LAC/CFO approval.

Writing Off Limits (per item)	
Heads	£250.
CFO	Greater than £250.
Disposal of Assets	
Heads and reported to the LAC	Items with a resale value of up to £500.
CFO and reported to the Trust Board	Items with a resale value of over £500.
Trust Board plus DfE	1% of annual income of £45,000, whichever is the smaller.
Asset Register	
Financial Capitalisation Limit	Over £5,000 individually or a group purchase of over £10,000
Attractive portable items added to asset register	£250+

Choosing Suppliers
Suppliers are selected on the basis of their capacity to provide quality, service, timely delivery and value for money. Volume discounts and credit terms are taken into account. The Trust has a register of approved suppliers utilising the purchasing experience of all schools in The Stour Federation to enable most effective purchasing power.

The immediate responsibility for ensuring each school obtains best value for money in its buying decisions lies with individual budget holders, the skill and wisdom with which they make these decisions will clearly have an impact on their area of activity and thereby their overall effectiveness.

The Stour Federation receives building consultancy advice from Arden Construction and YMD Boon and ICT advice from Warwickshire ICT Development Service. This supplements the expertise of the Office Managers who will initiate and negotiate most building maintenance and development contracts. Planning, management and health and safety safeguards are considered and will take account of the scale and complexity of the works or contract.

Tendering
All purchases with a net cost value greater than £50,000 are put out to formal tender. This amount should include the whole life of the contract, not the annual cost; for example, if the contract has an annual cost of £30,000 and is for two years, then the total value of the contract would be £60,000 and therefore a formal tender would be required.

1. Specification is prepared by the budget holder, authorised by the Local Academy Council Chair, Headteacher and CFO, and sent to at least three suppliers.
2. ii. Invitations to submit tenders are advertised as appropriate. The invitations to tender include:
    - An introduction/ background to the project.
    - The scope and objectives of the project.
    - Any technical requirements.
    - Implementation details for the project.
    - The terms and conditions of the tender and

    - The form and date of response to the school.
3. All replies should be addressed to the Headteacher in a plain sealed envelope marked 'Tender' to be returned by a specified date.
4. No contractor is allowed to amend the tender after the time fixed for receipt.
5. Where the expenditure has been budgeted for within the revenue or capital budgets, a decision is recommended by the Local Academy Council.
6. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept is taken by the Local Academy Council and Trust Board.
7. The reasons for accepting a particular tender are documented by the Governance Professional, especially if it is decided to accept other than the lowest tender. All decisions are reported to the Local Academy Council and Trust Board.

The following points are considered when deciding which tender to accept:

- The overall price and the individual items or services which make up that price.
- Whether there are any 'hidden' costs, i.e. additional costs which the academy will have to incur to obtain a satisfactory product.
- Whether there is scope for negotiation.
- The qualifications and experience of the supplier.
- How well the technical requirements laid down by the academy will be met.
- Whether it is possible to obtain certificates of quantity.
- The supplier's own quality control procedure; pre sales demonstrations and after sales service.
- The financial status of the supplier.
- References from other schools.

Once a tender is accepted an order is issued immediately to the supplier in the normal way.

Purchase Orders
Purchases should be authorised in advance of the purchase being made in all but exceptional circumstances. This supports good financial management, ensures that sufficient monies are available before the school's funds are committed, and allows financial reporting to show the most up-to-date position at all times. Circumstances where purchase orders are not necessary are:

- In respect of services such as utilities, telephone bills and service contracts such as for regular grounds maintenance and agency staffing where the authorisation of expenditure and ascertaining of best value is deemed to have taken place when the contract for services was signed.
- Urgent small purchases where goods are needed immediately and raising a purchase order is not practicable. This should be a rare occurrence, not a regular excuse to evade the proper procedure. The Headteacher should pre-authorise this expenditure and record of the authorisation be retained.
- In respect of services that are costed and approved by the budget holder in advance but may need to change at short notice, such as coach travel for school trips.

Orders are only used for goods and services provided to the school. Individuals may not use official orders to obtain goods and services for their private use.

Ordering procedures are as follows:
1. An authorised requisition is completed and sent to the finance office, where checks are made to ensure there is an available budget.
2. The authoriser signs the requisition.
3. Quotes or tenders are obtained as necessary.

4. An order is generated by the computer and allocated a sequential number as it is produced.
5. The order is approved by the Headteacher/CFO and this approval is evidenced on the office copy of the order.
6. Original copy sent to the supplier.
7. Copy held in the finance office.
8. When an order is cancelled reasons for cancellation are recorded on the copy of the PO held in the finance office.
9. The computer system keeps a record of all orders placed that have not been invoiced.

Receipt of Goods
All goods received are delivered to the academy reception where practicable. The school office carries out a brief inspection prior to signing for delivery. All deliveries are signed as unchecked.

The following procedures then take place:

- The delivery note/invoice and goods are sent to the requisitioner for formal checking against the order.
- The requisitioner evidences the check of goods received on the delivery note/invoice.
- The delivery note is then sent to the finance office.
- Any shortages or defective items in the goods supplied are clearly indicated on the delivery note by the requisitioner. The requisitioner is responsible for ensuring the delivery is rectified. The school officer maintains a goods returned file to monitor this process and ensure that all such deliveries are rectified.

Purchase Invoices
All purchase invoices are handed immediately to the school office, where checks against the invoice of the original order and the delivery note (where applicable) are made.

Where goods received were short or defective in some respect, and this still has not been rectified, this is clearly noted on the invoice so that payment is not made until either a credit note is received or the delivery is put right.

It is the responsibility of the staff member who requested the order to make sure that goods are not defective or that the service provided has been completed as agreed.

Payment of Invoices
The school office processes the invoices for payment. It is the policy of the Trust to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the Trust's advantage. Payments in advance of receipt of goods or services are only made where it is a condition of the supplier and the Office Manager is satisfied that there is no alternative.

Payment is made when the following checks have been made:

- Goods or services have been received and checked to the order.
- Expenditure has been properly incurred and payment has not already been made.
- Prices agreed with quotations, tenders, contracts or catalogue prices and arithmetic is correct.
- VAT has been properly accounted for.
- The invoice has been correctly coded.
- Discounts have been taken where applicable.

The authorised approver authorises payment of invoices, having ensured that all of the Trust's procedures have been followed. The authorised approver will be the Headteacher by default, however they can elect to delegate this authority the Office Manager. Following authorisation, the invoices are to be paid by BACS (requiring two authorised personnel to log in to online banking).

Month-End Procedures
Each school should perform monthly reconciliations of their outstanding suppliers' invoices to the total amount outstanding at the month end. The reconciliation should list out all the outstanding invoices that had been invoiced before the month-end but were not paid before the month-end. The sum of these invoices should equal the trade creditors figure in the academy's trial balance, with any differences explained.

Reimbursement of Expenses
The Trust implements a cashless policy, so that no cash should be held on site by either the schools or the Trust for the purposes of purchasing.

Staff members should follow the purchasing procedures wherever possible, however in exceptional circumstances staff members can reclaim costs they have incurred during the course of their duties. Reimbursement claims must be submitted to the Office Manager and approved by the Headteacher or CFO.

Reimbursement payments will be made during the next payroll run and will be added to the net pay of the staff member making the claim as non taxable income. Submissions for reimbursed expenses should be made 10 working days before the payroll date.

The Trust reserves the right to refuse reimbursement of cash expenses if the Headteacher does not believe the expenses were purchased for academy use.

Purchase of Alcohol
The Academy Trust's funds must not be used to purchase alcohol for consumption, except where it is to be used for religious services.

10. PERSONNEL AND PAYROLL

Setting Executive Pay
All appointments, terminations and salary levels are approved by the Trust Board (delegated to the Pay Committees). The Payroll Service (EPM) has been informed to accept instructions only from the authorised signatories. Changes to any of the Headteacher salaries are authorised by the Local Academy Council Chair for that school. Changes to the salary of the Trust central team must be authorised by the Accounting Officer. Changes to the salary of the Accounting officer/CEO must be approved by the Trust Board and reported to the CFO.

The Trust Board must ensure its decisions about levels of executive pay (including salary and any 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 own remuneration. Decisions about executive pay may be challenged by the DfE. The Trust Board must discharge its responsibilities effectively, ensuring its approach to, and levels of, pay and benefits is transparent, proportionate and defensible. This must be documented in an agreed pay policy, which sets out the process for determining executive pay and includes:

- Independent scrutiny by the board.
- Robust decision-making that demonstrates justifiable pay.

- Proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market.
- Documented decision-making with rationale and approval by the board.
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.

Payroll Systems
All appointments, terminations and salary levels are approved by the Local Academy Council (delegated to the Pay Committee).

The Payroll Service (EPM) has been informed to accept instructions only from the authorised signatories. Changes to any of the Headteacher salaries are authorised by the Local Academy Council Chair for that school. Changes to the salary of the Trust central team must be authorised by the Accounting Officer. Changes to the salary of the Accounting officer/CEO must be approved by the Trust Board and reported to the CFO.

Net payments to staff are made by direct debit by the payroll provider using the Banks Automated Clearing System (BACS).

Overtime and expenses claims are completed at the end of each month and paid with the following month's salary. Overtime claims and expense claims are authorised by the Headteacher or Accounting Officer.

For changes to staff contracts, e.g. change of hours, an instruction must be made in writing to the Office Manager by the Headteacher.

All personnel files are kept in the school office. Access is restricted to the CEO, Headteacher, Office Manager and Directors / Governors. Payroll printouts are kept locked in the school office.

Monthly Payroll Processes
The following procedures take place on a monthly basis and are performed by the Office Manager:

- Overtime and expenses claims are uploaded to the payroll portal following authorisation by the Headteacher. Overtime should only be worked after permission has been granted by the Headteacher.
- Where temporary variations are input, the Temporary Variations Report should be downloaded and printed for checking against the salary reports.
- The salary print-out is checked as soon as it is received by the school and payroll is notified of any errors immediately after they have been detected.
- The Headteacher notifies the Office Manager to authorise the pay run.

The following procedures take place on a monthly basis and are performed by either the Office Manager or CFO:

- Data amendment forms are completed in respect of any starters, leavers, etc., and authorised by an authorised signatory, prior to despatch to payroll.
- All absences are recorded on the payroll portal monthly.

11. COMPUTER SYSTEMS AND CYBER SECURITY

Schools should refer to the DfE's digital and technology standards, which were developed to support Academy Trusts in making more informed decisions about technology.

The IT network at each school is managed by Warwickshire ICT Development Service (ICTDS). All users have login identities and passwords, which are required to be changed on a regular basis.

Data Storage and Backup Procedures

School Network: the server hardware is fully managed by ICTDS, bitlockered for data security and selected data is backed up by Redstor nightly and retained for 60 days.

Externally Hosted Services: the schools use various externally hosted solutions. All have extensive backup and data recovery solutions in place.

Cyber Security
All schools in the Academy Trust should take appropriate action to meet DfE's cyber security standards, which were developed to help trusts improve their resilience against cyber-attacks.

The Academy Trust must not pay any cyber ransomware demands. DfE supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents.

12. ASSETS

The tangible assets of the school fall into the following categories:

- Land and Buildings.
- Furniture, Fittings and Equipment.
- Consumables.

The Resources and Audit Committee will oversee priorities for building security matters, within the overall context of The Stour Federation development priorities, and giving due consideration to security, health and safety issues.

The immediate responsibility for the safeguarding of equipment lies with the staff; in support of this the school provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking using smartwater marking linked to the Police, and maintenance and support agreements where appropriate.

Consumable items e.g. stationery purchased for general use are safeguarded by the school office staff. Office staff keep a watching brief on quantities ordered and the frequency of ordering.

The maintenance of the fixed asset register for accounting purposes is the responsibility of the Office Manager.

All disposals of assets are authorised by the Headteacher or Local Academy Council. The Local Academy Council minutes their approval of all disposals.

All losses of assets owned by a school are reported to the Headteacher. They inform the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The Office Manager at each school maintains a record of losses and insurance monies received. The Local Academy Council is informed of all losses. For losses of assets incurred by the Trust, the CFO processes the insurance claims and will inform the Accounting Officer of the loss.

13. INCOME AND LETTINGS

Responsibilities
The Stour Federation derives income from the following main areas:

- Funding from the DfE.
- Donations, sponsorship and grants.
- Consultation and school-to-school support.
- Student teachers from universities and other institutions.
- Hiring of premises and facilities.
- Nursery fees.
- Wraparound fees.

The Trust Board has overall responsibility for ensuring that all income due to the Trust is properly accounted for.

The Trust Board has delegated the responsibility to ensure that each school receives all income due to the Local Academy Council. The governors should question any variances in the expected income during the budget monitoring process to ensure that there is a reasonable explanation for any variances.

Charges
Charges can be made to pupils to defray the costs of certain activities and a separate Charging Policy set out these details.

Lettings
Premises hire charges are made in accordance with local commercial conditions, the school's role in the community and approved by the Local Academy Council. Such charges are determined at the discretion of the Headteacher and the Office Manager. A separate Lettings Policy sets out the details for each school.

Lettings bookings are made through each school's office staff, who raise invoices each term. All income should be banked promptly and intact and credited to the appropriate Access Education Finance cost centre.

Educational Visits
When planning any excursion, the consent of the Headteacher and Educational Visits Coordinator in charge of school trips must be obtained before any commitment is made to pupils, parents or third parties.

All educational visits are logged and authorised via the Evolve website.

Overnight trips or trips of a hazardous nature must be authorised by the Local Academy Council.

All monies received for excursions are to be paid to the school office via ParentPay.

All expenditure in connection with educational visits is subject to the same procedures as other expenditure.

Debts
The academy will recover monies owed in accordance with the Trust's policy on debt recovery. Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. This should be agreed with the CFO.

The Trust must obtain DfE's prior approval for writing-off debts and losses beyond the delegated limits described below. The delegated limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years. For these limits, total annual income is defined as grant income as disclosed in the trust's last audited accounts. If the trust has not yet published its first audited accounts, DfE should be contacted.

14. BANKING ARRANGEMENTS

Bank Facilities
The Trust maintains banking facilities with Lloyds Bank.

Online banking facilities are used to make direct transfers (BACS) to pay suppliers for goods and services, two signatories are required to authorise this function. Cheque payments from the main school bank account should only be made in exceptional circumstances and require two Trust level signatories.

Schools are encouraged to maintain one single bank account.

The CFO maintains an approved list of signatories, which should be maintained to ensure that only current staff members are allocated as bank signatories.

All cheque books and other banking stationery are kept in a locked safe. All bank statements are filed sequentially.

Bank Reconciliation
Bank statements are received monthly and are reconciled to the school's records. The reconciliation of the accounts is completed by the Office Manager and checked by the Headteacher.

Creditor payments are paid via the Bankers Automated Clearing (BACS) system for which each school is registered as an indirect submitter.

Petty Cash
Academies should not hold petty cash balances. The Trust is working towards a policy that provides for a cashless school environment. Each school has its own electronic collection systems for parental payments and the handling of cash is strongly discouraged.

Any incoming cash is banked on a weekly basis as there are so little cash transactions due to the use of ParentPay. These small amounts are stored in the school safe.

Gifts and Hospitality
The Trust Board has approved a Gifts and Hospitality Policy (within the Staff Behaviour Policy) based on the provisions of the Academies Trust Handbook which states that academy trusts should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any

other benefit which might be seen to compromise the personal judgement or integrity of members, trustees, staff and/or any other representative of the trust. The policy also complies with our funding agreement and articles of association.

Credit Cards and Borrowing
Each school has its own credit cards through Lloyds Bank which are held by the school office (limit of £3,000 a month for Shipston and £2,000 a month for other schools). In addition, there is a 'Trip' credit card (limit of £100 per month) which is only used for school trips and emergency purchases such as ingredients for a cooking lesson.

The credit cards are mainly used for internet purchasing, e.g. books which are only available online, one-off purchases, school trip bookings or wraparound food provisions.

Purchases can only be made by the Office Manager and Office Admin Assistants and require the same paperwork and authorisation as any other order/purchase.

The accounts are automatically paid off each month. The Office Manager reconciles each account and raises journals relating to the transactions in Education Access Finance.

Credit cards must only be used for business expenditure, and balances cleared before interest accrues.

Use of the 'Trip' credit card must be approved by the Headteacher or CFO and it is a requirement to give a receipt to the office staff, stating which items were purchased and from which account they are to be taken from.

The Trust must obtain DfE's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable.

Fraud
Lloyds Bank never asks clients to log into a separate web address or live chat.

Lloyds Bank never asks clients to download software.

Lloyds Bank never asks clients to login or use a card reader over the phone. They only ask for 3 random digits generated from the 6-digit telephony pin for security.

For potential payment fraud, Lloyds Bank would use the 6-digit telephony pin and then discuss payments which are set up on Commercial Banking Online, how the details were received and verified. They would release any stopped payments if verified.

If school staff are unsure about a phone call from Lloyds Bank, ask for a reference, end the call, make sure the line has gone dead and then call the Helpdesk/Fraud team from a known number. They will never question your need to verify that it is a genuine call from the bank.

15. LARGE CAPITAL PROJECTS

When undertaking large capital projects, schools must pay regard to the Public Contract Regulations 2015.

The Find a Tender service should be used to search and apply for high value contracts (usually above £118,000) in the UK's public and utilities sectors.

There are other tendering frameworks available (e.g. for utilities and catering) that should be explored.

16. RELATED PARTY TRANSACTIONS

Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members).

The Trust and individual schools must be even-handed in their relationships with related parties, including ensuring that:

- Directors comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements.
- All members, directors, local governors of academies and senior employees complete the register of interests.
- No member, director, local governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.

The Trust must pay no more than 'cost' for goods or services with parties described above.

The Trust must report all contracts and other agreements with related parties to DfE in advance of the contract or agreement commencing or being renewed, using DfE's related party online form. The Trust must obtain DfE's prior approval, using DfE's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party where a contract or other agreement exceeds £40,000 in the same financial year ending 31st August.

Transactions over £2,500 must strictly meet 'at cost' rules.

17. DELEGATED AUTHORITIES AND SPECIAL PAYMENTS

Novel, Contentious or Repercussive Transactions
Novel, contentious and/or repercussive transactions must always be referred to the DfE for approval, and the request must be made to the DfE before the transaction occurs. The DfE may refer such transactions to HM Treasury for approval, so trusts should allow sufficient time for proposals to be considered.

- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to set a precedent and cause pressure on other trusts or the broader public sector to take a similar approach and hence have wider financial implications, including where a trust's proposal could cause additional costs to arise for other parts of government.
- The Trust refers to section 2.3 of Managing Public Money and DfE's guide for novel, contentious and repercussive transactions for further information.

Leases

The Academy Trust will be able to enter into finance leases where the lease category appears on the DfE Approved List.

Certain transactions by public bodies may fall outside their usual planned range of activity, and may exceed statutory and contractual obligations. HM Treasury calls these special payments, and are subject to greater control than other payments. They include staff severance payments, compensation payments and ex gratia payments.

Severance Payments
Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. Where the Trust is considering a staff severance payment including a non-statutory/non-contractual element of £50,000 or more, the DfE's prior approval must be obtained before making any binding offer to staff. Additionally, the Trust must obtain prior DfE approval where an exit package which includes a special severance payment is at, or above, £100,000, or if the employee earns over £174,000.

Confidentiality clauses in special severance payments are always novel/contentious and require prior DfE approval. They must never prevent whistleblowing disclosures or restrict DfE regulatory access.

Compensation Payments
Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. The Trust has delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more DfE's prior approval must be obtained. DfE will refer such transactions to HM Treasury.

Ex Gratia Payments
Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Ex gratia transactions must always be referred to DfE for prior approval. HM Treasury approval may also be needed. If this Trust is in doubt about a proposed transaction, they should seek DfE advice.