



# **Finance Policy**

## **June 2023**

**Date of Review: June 2023**

**Reviewed by: Trust Finance Director**

**Date agreed by Trustees: 28 June 2023**

**Frequency of Review: Annually**

**Date of Next Review: June 2024**

## Introduction

1. The purpose of this policy and associated procedures is to ensure that The Futures Trust ("The Trust") maintains and develops systems of financial control which conform to the requirements both of propriety, value for money and of good financial management. It is imperative that these systems are complied with in order to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).
2. The Trust, and each and every academy within the Trust, must comply with the principles of financial control detailed in the Education and Skills Funding Agency (ESFA) Academy Trust Handbook published by the DfE. This policy provides detailed information on the Trust's accounting procedures, which should be read by all staff involved with financial systems, management and reporting.
3. The policy covers all finance related policies.
4. This policy relates to all of the Trust's Academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff. Each school will have approved procedures detailing how this Finance Policy is complied with.
5. This policy is designed to be consistent with:
  - i. ESFA Academy Trust Handbook
  - ii. The Trust Memorandum and Articles of Association / Constitution / Scheme of Delegation
  - iii. HM Treasury's Regularity, Propriety and Value for Money iv. Master and Supplemental Funding Agreements
6. This Policy also contains the following appendices:
  1. Appendix 1 Procurement Policy (May 2023)
  2. Appendix 2 Anti-Fraud and Corruption Policy (May 2023)
  3. Appendix 3 Risk Management Policy (May 2023)
  4. Appendix 4 Credit Card Policy (March 2023)

## Organisation

7. The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide delegation of duties and a framework of accountability for Trustees and staff. The financial reporting structure is outlined below in line with the Scheme of Delegation:

### Board of Trustees / Trustees Sub-Committee: Finance, Resources, Audit and Risk

8. The Board of Trustees and Sub-Committees of the Trust have overall responsibility for the administration of its Academies' finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its Academies with DfE. These responsibilities in relation to financial matters include:

## Board of Trustees

9. Trustees are responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:
  - i. finance policy development and strategic planning; ii. approval of the Trust consolidated budgets
  - iii. ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance;
  - iv. ensuring compliance with general legislative requirements;
  - v. establishing and maintaining a transparent system of prudent and effective internal controls;
  - vi. management of the Trust's financial, human and other resources, with the Chair receiving Monthly Management Accounts as stipulated in the Academy Trust Handbook; vii. monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon;
  - viii. setting the Trust's standards of conduct and values;
  - ix. assessing and managing risk, including the preparation of a statement on academies risk management, for its annual report and accounts;
  - x. to hold to account each Trustee.
  
10. The Board is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity, most particularly by:
  - i. assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
  - ii. promoting a climate of financial discipline and control the opportunity for financial mismanagement.

## Finance, Resources, Audit and Risk Committee (FRARC)

11. The FRARC is responsible for scrutinising the Trust and Academy budgets and finance, internal controls systems and risk management arrangements, most particularly by:
  - i. assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
  - ii. improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;
  - iii. promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
  - iv. promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating in accordance with any statutory requirements for the use of public funds;
  - v. applying delegated authorities laid down by Board of Trustees;
  - vi. ensuring a system which will make most economic and effective use of resources available.

## The Chief Executive Officer

12. The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.
13. The main responsibilities of the CEO include:
- i. the development of the annual budget;
  - ii. the development of medium term financial planning
  - iii. the regular monitoring of actual expenditure and income against budget;
  - iv. ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
  - v. ensuring that the regular reports provided to the Board are timely and accurate;
  - vi. authorising orders and the award of contracts within the approval limits shown in Appendix 1;
  - vii. authorising payments within the approval limits shown in Appendix 1
  - viii. authorising changes to the Trust's personnel establishment within the authorised establishment.

## The Trust's Headteachers

14. Within the framework of the Trust's Development Plan, each academy Headteacher has overall executive responsibility for his/her academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director and the Business Managers but the Headteacher still retains responsibility for:
- i. approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
  - ii. authorising orders within the approval limits shown in Appendix 1;
  - iii. authorising invoices within the approval limits shown in Appendix 1;
  - iv. ensuring the delivery of the academy annual budget as approved by the Trust;
  - v. monitoring the regular budget reports with the Business Manager and acting on overspends or risk.

## The Finance Director

15. The Finance Director works in close collaboration with the CEO through whom he or she is responsible to the Trust Board. The Finance Director has direct access to the Board. The main responsibilities of the Finance Director are:
- i. the management of the Trust's financial position at a strategic and operational level within the Finance Policy and procedures determined by the Board;

- ii. the maintenance of effective systems of internal control;
- iii. ensuring that the annual accounts are properly presented for external audit and adequately supported by the underlying books and records of each academy;
- iv. the consolidation of budgets and medium term financial plans, presenting them to the FRARC for approval;
- v. ensuring returns to EFSA and other funding agencies completed correctly and on time:
  - ensuring returns to statutory bodies are completed
  - cashflow and treasury management including managing investments
  - functional management of the financial element of Academy Business Managers
  - authorising orders and the award of contracts within the approval limits shown in Appendix 1;
  - authorising payments within the approval limits shown in Appendix 1.
  - provide reports at each FRARC Meeting on various financial matters, as appropriate, including latest Management Accounts, Cashflow projections and uses of delegated authority, as applicable.

### The Business/Finance Manager

16. It is envisaged that each academy will have a Business/Finance Manager or a person who undertakes that role albeit with a different job title e.g. in a smaller school, Business Manager. The Business Managers work in close collaboration with the Finance Director and their respective Headteacher. The main financial responsibilities of a Business Manager are:
- i. the day to day management of financial issues;
  - ii. authorising invoices within the approval limits shown in Appendix 1;
  - iii. the preparation of the academy annual budget and medium term financial plans for approval by the LGB and the Trust;
  - iv. Ensuring that financial controls are working effectively at academy level
  - v. Actively monitoring expenditure versus budget;
  - vi. Monthly reporting of Management Accounts to the Finance Director together with explanations of variances;
  - vii. Identification and management of financial risks and escalating these to the Finance Director.

### Internal Audit

17. The Internal Auditors are appointed by the Trustees (through the FRARC) and provide Trustees with an independent oversight of the financial control. The main duties of the Internal Auditors are to provide the Trustees with independent assurance that:
- i. the financial responsibilities of the Trustees are being properly discharged;
  - ii. resources are being managed in an efficient, economical and effective manner;
  - iii. sound systems of internal financial control are being maintained and
  - iv. financial considerations are fully taken into account in reaching decisions.
  - v. risks are identified and appropriate actions put in place.

18. The Trustees will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the FRARC for review.

### Other Staff

19. Other members of staff, primarily Finance Officers, Administration Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy and/or in each school's financial procedures.

20. All members of staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

### Conflict of Interest

21. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Trust directors and senior staff are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection with its need to be published on the relevant website.

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

23. The existence of a register of business interests does not detract from the duty of directors and staff to declare interests whenever they are relevant to particular matters being discussed by the board or a committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting.

24. The Board of Trustees must ensure that the requirements for managing connected party transactions are applied across the Trust. The Chair of the Board of Trustees and the Accounting Officer must ensure that their capacity to control and influence does not conflict with these requirements. They must manage personal relationships and **Related Parties** to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the **seven principles of public life**.

25. **The Seven Principles of Public Life** are:

1. **Selflessness**: Holders of public office should act solely in terms of the public interest.

2. **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.
3. **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the security necessary to ensure this.
5. **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.
6. **Honesty:** Holders of public office should be truthful.
7. **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.

### Trading with Related Parties

26. The ESFA requires academy trusts to declare all contracts made with related parties before they are agreed with the supplier. It also requires trusts to seek approval for all contracts and transactions over £20,000, either individually or cumulatively, within the same financial year. The Trust must pay no more than 'cost' for goods or services provided to it by Related Parties ('services' do not include services provided under a contract of employment). The 'at cost' requirement applies to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year of the Trust. For these purposes, where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

### **Accounting System**

27. The Academy Trust uses the financial software Xero for all of its academies. All financial transactions of the Trust must be recorded on this system.

### System Access

28. The Finance Director is responsible for user access. Entry to the Xero accounting system is password restricted with multi factor authentication enabled for all users.
29. Access to the component parts of the system can also be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

## Back-up Procedures

30. Xero is a cloud based software system. The supplier performs backup operations at regular intervals during the day and overnight. Therefore, local backups at the Trust level is not necessary.

## Transaction Processing

31. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the associated operational system procedures.

## Reconciliations of Balance Sheet Accounts

32. The Finance Director is responsible for ensuring the following reconciliations are performed routinely at each Academy within the Trust, and that any reconciling or balancing amounts are cleared:

- i. sales ledger control account monthly
- ii. purchase ledger control account monthly
- iii. payroll control account monthly
- iv. any suspense accounts monthly
- v. accruals and prepayments monthly
- vi. bank balance per the nominal ledger monthly to the bank statement.

## Financial Planning

33. The Trust and each academy will prepare both short term and medium term financial plans. Medium term is defined as a period of three to five years.

34. The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Development Plan indicates how the Trust's and each academy's educational and other objectives / priorities need to be achieved within the expected level of resources over the next three years. The assumptions will be set by the CEO/Trustees.

35. The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.



## Development Plan

36. The Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall Core Objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.
37. The form and content of the Development Plan will be set by the CEO and due regard should be given to any annual guidance issued by the DfE in the Academy Trust Handbook.

## Annual Budget

38. The Finance Director is responsible for working with the Headteachers, the Business Managers and others to prepare a draft consolidated annual budget for consideration by the CEO. Business Managers are required to provide draft budgets and supporting rationale for their individual schools in accordance with a timetable notified by the Finance Director. The CEO is responsible for obtaining approval of the budget by the Board of Trustees.
39. The approved budget must be submitted to the DfE by the specified date (normally 31 July), and the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A Financial Calendar will be prepared which details all of the submission dates required by the ESFA.
40. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Action Plan objectives and the budgeted utilisation of resources.

## Balancing the Budget

41. Each Academy should set a balanced budget, taking into account short and medium term projections and the need to invest to meet the longer term business plan. Any proposed use of reserves requires approval of FRARC.

## Finalising the Budget

42. After the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the CEO, FRARC and the Board. The budget should be communicated to all staff with responsibility

for budget headings so that everyone is aware of the overall budgetary constraints.

### Monitoring and Review

43. Monthly reports will be prepared by the Business Managers, supported by the Finance Director. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Headteachers and Finance Director.
44. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will always include a latest financial forecast for the year.
45. If a budget overspend is forecast it will not be appropriate to transfer money from another budget or from the contingency.

### **Payroll**

46. The main elements of the payroll system are staff appointments, together with payroll administration and payments.

### Staff Appointments

47. As part of the annual budget process, the Trust Board will approve a staff establishment for the trust and each academy. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the CEO who must ensure that adequate budgetary provision exists for any establishment changes.
48. Where changes are in line with agreed budgets and in line with the approved Academy Development Plan, Headteachers may have authority to change the FTE size or scope of posts within their Academy - these changes will be included in the Headteacher's report to the Local Governing Body.
49. The CEO and Headteachers have authority to appoint staff within the authorised establishment except for the roles of the senior leadership group, when other Trust directors will generally be involved. The CEO will approve all appointments to the senior leadership group of the Trust.

### Payroll Administration and Payments

50. Payroll is currently outsourced to a single provider for the entire Trust and the approval of the FRARC is needed to change any such arrangements.
51. The Trust has a Pay Policy and all appointments and changes to salary must be consistent with this. Any variations to this must be approved by the CEO. Approval of the CEO's remuneration will be by the Trustees.

52. Approved adjustments to the monthly payroll or standing data must be administered by the Business Manager and reviewed subsequently by the Finance Director, prior to payroll processing.

53. All severance payments must be approved by the CEO and the CEO will seek prior approval from the ESFA as required by the Academy Trust Handbook.

### **Procurement - Detailed in Appendix 1**

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

- i. Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- ii. Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- iii. Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

55. It is particularly important in the case of the Trust that any tenders where a Trust director may have a conflict of interest are managed with utmost probity.

### Routine Purchasing

56. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy.

57. Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).

58. It is necessary to take the principles of best value into account at all times although this will not necessarily be at the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

59. Procurement routes are outlined in Appendix 1.

### Forms of Tenders

60. Details of forms of tenders and how to run a tender process are included in Appendix 1.

## Credit Cards and Purchasing Cards

61. A limited number of credit cards are currently issued. These are to be issued and used in accordance with the Trust Credit Card Policy, the financial controls that are currently put in place for purchase ordering and the financial constraints placed on the cards.

## Income

62. The main sources of income for the Trust are the annual funding grants received from the DfE / ESFA. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the Trust are collected.

63. Grant funding is received from sources such as the local city and county councils for a variety of purposes including SEN funding.

64. The Trust also obtains income from:

- i. students, for example trips, activities, uniforms, school dinners; and
- ii. the public, mainly for lettings.

## Trips

65. Each academy has a specific procedure on Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Business Manager.

66. The designated staff member will be responsible for estimating the costs, ensuring that payments are collected, producing a reconciliation etc.

## Lettings

67. Letting and hire of the Trust facilities will be conducted in line with the Debtors and Lettings Policy for each academy which includes a tariff of charges, which will be reviewed annually.

## Pricing

68. The Trust will set a tariff of charges for its chargeable services at full cost, but may apply an additional rate of return when in a commercial environment.

## Custody

69. Receipts should be provided (and copies retained) by the member of staff receiving money from students, parents and third parties, then signed at the point that those monies are handed over to the Business Manager or designated person. Monies collected should be held securely in the Academy Finance Office Safe and should be banked and reconciled promptly, whilst notifying the Trust Central Team.

70. Wherever possible, 'cashless' payment systems should be introduced.

## **Cash Management**

### Bank Accounts

71. The opening of all accounts must be agreed and authorised by the CEO and Finance Director who will set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts, BACS authorisation and cheque signing arrangements. Opening of new accounts and changes to existing mandates may require approval by FRARC or Trustees if the banks require necessary relevant information. The operation of systems such as BACS and other means of electronic transfer of funds must also be subject to the same level of control.

### Payments and withdrawals

72. All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the authorisation and signatures of authorised signatories as detailed in the Trust bank mandates.

73. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust.

### Administration

74. All bank accounts must be reconciled monthly and checked by the Business Manager where applicable, within ten working days of month end. The Finance Director will periodically review the bank reconciliations.

### Petty Cash Accounts

75. Each academy maintains a maximum cash balance of up to £1,000.

### Deposits

76. The only deposits to petty cash should be from cheques cashed specifically for the purpose.

### Payments and Withdrawals

77. In the interests of security, petty cash payments will be limited as shown in the Financial Procedures. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

## Administration

78. Petty Cash accounts will be reconciled monthly and all transactions recorded on the accounting systems monthly.

## Cash Flow Forecasts

79. The Finance Director is responsible for preparing monthly cash flow forecasts for up to twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

## Fixed Assets

80. All fixed asset additions must be approved by the Finance Director.

81. All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Finance Director, who will liaise with the Chief Executive Officer and ICT Director to ensure that investment is consistent with the Trust's overall IT strategy.

## Fixed Asset Register

82. All items or groups of similar items purchased with a value over the Trust's capitalisation limit of £2,000 must be capitalised. Assets below this value of £2,000 will be charged to the income and expenditure in the year of purchase.

83. All assets with a value above £2,000 will be entered into the Fixed Asset Register.

84. Business Managers will review the Fixed Asset Register on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1,000 must be reported to the Trust's Finance Director.

85. The Fixed Asset Register helps:

- i. ensure that staff take responsibility for the safe custody of assets;
- ii. enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- iii. to manage the effective utilisation of assets and to plan for their replacement;
- iv. help the external auditors to draw conclusions on the annual accounts and the Trust's financial system and support insurance claims in the event of fire, theft, vandalism or other disasters;
- v. security & disposal of assets. Detailed guidance is included in the associated procedures.

## Security of Assets

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

87. All the items in the fixed asset register should be permanently marked as the Trust's property and there should be a regular (at least annually) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Trust Finance Director.

88. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it, this should be noted.

### Loan of Assets

89. Items of Trust property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Headteacher.

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

### Disposals

91. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Director and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

93. The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was received, in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.

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

### Leases

95. The Trust is able to enter into operational leases as outlined in the Academy Trust Handbook.

96. Finance leases are a form of borrowing and may only be entered into with the specific authority of the ESFA.

97. All operating leases will be signed off within the procurement policy limits and with the CEO's approval.

## **Depreciation Policy**

98. The Trust will depreciate fixed assets in line with recognised Accounting Policies agreed with the External Auditors, best practice and DfE guidelines.
99. Depreciation rules will be approved by the Board in advance of preparing the annual statements.

## **Companies Policy**

100. The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

## **Reserves & Investments Policy**

101. The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.
102. The current policy is for the Trust to hold cash reserves to the value of, at least, £500,000.
103. All revenue reserves are controlled by the Trust Board and cannot be spent without the approval of the Board, whilst those reserves transferred in upon conversion, are designated for use so far as possible by the academy which generated them.
104. In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy.
105. The Trust will build and maintain a capital reserve fund in line with the reserves policy approved by the Board from time to time.
106. Funds deemed surplus to immediate cash requirements will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.
107. The Trust will take a very prudent approach to any deposits or investments which it makes and ensure that funds can be available at around one month's notice.

## **Charging & Remission Policy**

108. The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be



excluded from essential curriculum activities because of their parents' inability to pay.

109. The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

110. Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these activities from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteacher.

111. In all cases, where a charge is made it will not exceed the costs of the provision.

### **Staff Expenses**

112. The Trust's Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- i. Travel by public transport;
- ii. Use of own car and parking (excluding home to work travel);
- iii. Unavoidable overnight accommodation;
- iv. Reimbursement for approved items bought on behalf of the Trust.

113. Staff must submit an expense claim form and all claims must be accompanied by receipts.

### **Trustees' Expenses**

114. Trustees may claim for reasonable expenses incurred when acting on behalf of the Trust. Reasonable expenses include:

- i. Attendance at meetings of the Trust board or Local Governing Body or their committees;
- ii. Meetings with authorities, regulators, auditors etc;
- iii. Meetings with members of staff or prospective staff connected with their official duties;
- iv. Other official meetings.

115. It is expected that Trustees and Members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

116. Trustees and Members may not claim for:

- v. Time spent working as a Trustee or Member
- vi. Loss of earnings
- vii. Food or refreshments
- viii. Expenses in connection with foreign travel other than as allowed below.

117. The level of expenses that can be claimed will be no higher than that used for staff employed by the Trust (see para 112 – 113 above).

118. There will be no payments to any Trustee by the Trust unless such payments are permitted by the Articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. The Trust will, in particular, need to consider these obligations when payments are made to other business entities which employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest. The Finance Director should report any breach or potential breach of this policy to the Chair of Trustees and Chair of FRARC when immediately aware.

## **Taxation**

119. The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Finance Director to ensure compliance with VAT regulations.

120. The Finance Director will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

121. Any payments to contractors and subcontractors will be made in accordance with the Construction Industry Scheme and any consultant will only be paid gross, when that is in compliance with PAYE guidance.

## **Insurance**

122. The Trust reviews all risks continually to ensure that the cover available and the sums insured are adequate.

123. The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

124. The Trust will not give any indemnity to a third party.

125. The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim and Business Managers or Headteachers must provide such information promptly to the Finance Director.

## **Bad Debts – Discretion as required**

126. The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

127. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

128. Income from lettings will be collected in accordance with the Lettings Policy.

129. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off after approval by the Finance Director up to £1,000, otherwise by FRARC and in accordance with the guidance provided in the Academy Trust Handbook. The Trust must obtain the ESFA's prior approval for writing off debts above limits specified in the Handbook.
130. To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
131. The Academies will retain a Bad Debt Write-Off Summary.

### **Novel and/or Contentious Transactions**

132. Novel payments or other transactions are those of which the Academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media. Novel and/or contentious transactions must always be referred to the ESFA for explicit prior authorisation.

### **Monitoring Outcomes & Review**

133. Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and the Finance Director.
134. Effectiveness of this policy and any associated procedures will also be monitored by the FRARC, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Finance & Resources Committee.
135. Findings and recommendations will be used to revise this policy and associated procedures; this will be undertaken by referring any recommendations for changes to the Finance & Resources Committee.
136. Key indicators of the success of this policy are:
- No inappropriate use of money
  - Adherence to budgets
  - Value for Money being demonstrated
  - Expenditure targeted on key priority areas
  - Timely reports to the Board, DfE and others • Up to date, accurate records.

<b>Appendix 1</b>	<b>TFT Procurement Policy (June 2023)</b>
<b>Appendix 2</b>	<b>TFT Anti-Fraud and Corruption Policy (May 2023)</b>
<b>Appendix 3</b>	<b>TFT Risk Management Policy (May 2023)</b>
<b>Appendix 4</b>	<b>TFT Credit Card Policy (March 2023)</b>



# **PROCUREMENT POLICY**

**June 2023**

<p><b>Date of Review: June 2023</b> <b>Lead Reviewer: Trust Finance Director</b> <b>Approval: Finance, Resources, Audit and Risk Committee</b> <b>Approved on: 28 June 2023</b> <b>Date of Next Review: May 2024</b></p>
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## The Futures Trust Procurement: Policy Statement

The Futures Trust is committed to:

- Achieving Best Value across all its academy schools incorporating the concepts of value for money (VFM), but also takes into account sustainability, by balancing the outcome value achieved over the life span of the goods/services purchased.
- Complying with the Public Contracts Regulations 2015, and therefore the new EU Directive 2014/24/ EU effective from February 2015. All schools within the trust are required to follow DfE guidance including the 2015 'light touch regime' for the procurement of goods and services brought in solely for the purpose of delivering education see: <https://www.gov.uk/guidance/buying-for-schools>
- Ensuring there is a sound business case for goods and services procured which links to either the priorities set out within school or whole trust development/improvement plan.
- Ensuring propriety in all financial transactions, avoiding conflicts of interest, ensuring separation of duties at all stages of procurement processes, and meeting data protection requirements with regard to the confidentiality of information relating to the process of awarding contracts.
- Management of financial risk and reducing the potential for fraudulent activity. This includes evidence to justify decision making at the various stages of the procurement process.
- Collaborative procurement across the MAT in order to deliver economies of scale, achieve greater leverage in the market, supplier loyalty, administrative savings and ensure the MAT pools its expertise. The Futures Trust will take the lead on all major contracts on behalf of the MAT.
- Managing procurement risk by undertaking due diligence of suppliers before entering into contracts, scrutinising their terms and conditions and limiting contract duration to a maximum of three years. The Futures Trust will assist schools with due diligence of suppliers.
- Wherever appropriate, using DfE recommended purchasing frameworks such as the Crescent Purchasing Consortium and the Crown Commercial Service (which have already gone through a due diligence process, including competitive tendering, compliance with regulations, and negotiation of terms and conditions).
- Holding suppliers to account by appointing a 'contract owner' who will monitor service delivery and actively impose pre-determined penalties where applicable.
- Controlling spending by collating spend data, including information about key providers, contracts, spend areas, peaks and troughs in demand (and supply), and exploring variations on cost and conducting periodic analysis and benchmarking to identify where efficiencies are possible.

## Approval Thresholds

Approval	Procurement	Best Value Process
<b>Board of Trustees</b>	£300K + Competitive Tender unless light touch	EU Tender
<b>TFT FRC</b>	£164,176-£300K goods and services £589,148 services used solely to deliver education (e.g. staff salaries)	EU Tender
<b>CEO</b>	£30-£164K	*3 quotations minimum or formal tender (framework)
<b>HT &amp; Trust FD</b>	£20-£30K	* 3 quotations
<b>HT</b>	£5-£20K	* 3 quotations
<b>SBM</b>	£2-£5K	Approved suppliers with benchmarking to prove value
<b>Budget Holder</b>	£0-£2K	Approved suppliers with benchmarking to prove value

\*Where 3 quotations are not possible or appropriate then justification for this should be documented on the finance system.

Note: Decision to appoint staff is delegated to Headteachers regardless of financial value in accordance with the Trust's Scheme of Delegation

Monthly management accounts will monitor that schools are sanctioning purchases within pre-agreed budgets.

## The Futures Trust Toolkit

The Trust has developed a toolkit to assist all its academy school comply with its Procurement Policy and achieve better value. The toolkit comprises:

1. Policy statement and authorisation thresholds with corresponding actions required to achieve best value.
2. A Procurement flowchart to guide schools through our process.
3. A contract management tool, which logs contracts across the trust enabling smarter collective management.

4. DfE Buying for Schools guidance, which includes useful information for all schools.
5. A checklist for schools when purchasing above statutory EU thresholds.
6. A model letter for Tender, which can be adapted when schools need to invite a number of suppliers to bid for business.
7. Terms and conditions which may be used when putting a contract in place between a supplier and the trust.

Please contact Victoria Hastie, Trust People and Operations Director or Elaine Hart, Trust Finance Director for more information.



# **Anti-Fraud and Corruption Policy**

**May 2023**

**Date of Review: May 2023**

**Lead Reviewer: Trust Finance Director & Commerce & Risk Manager**

**Approval: Finance, Resources, Audit and Risk Committee**

**Approved on: 15 May 2023**

**Next Review Date: May 2024**



## Summary

This policy and procedure defines the expected conduct of all employees, trustees and governors engaged at The Futures Trust, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to. It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared. Reference is also made to other Trust policies where appropriate.

### 1. Introduction:

- 1.1 The Futures Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with The Futures Trust has a responsibility in respect of preventing and detecting fraud. All employees and governors have a role to play. The Futures Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.
- 1.2 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.3 It is the duty of all employees, trustees and governors at The Futures Trust to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Internal Auditor and Auditors to review the adequacy of the measures taken by The Futures Trust to test compliance and to draw attention to any weaknesses or omissions.
- 1.4 Any investigation carried out in relation to alleged irregularities is linked to The Futures Trust's Disciplinary & Dismissals procedure.

### 2. Definitions:

#### 2.1 Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

#### 2.2 Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which

may influence the actions taken by The Futures Trust, its employees, trustees or governors.

### 2.3 Gifts and Hospitality

A separate Gift & Hospitality Policy was approved by the trust's Finance, Resources, Audit & Risk Committee on 15 March 2023. This guidance needs to be read alongside the content of that Policy.

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.

### 2.4 Irregularities fall within the following broad categories, the first three of which are criminal offences –

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;
- **Fraud** - the intentional distortion of financial statements or other records by persons internal and external to The Futures Trust, which is carried out to conceal the misappropriation of assets or otherwise for gain;
- **Bribery and corruption (Gifts & Hospitality – see Point 5)** - involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
- **Failure to observe**, or breaches of, Scheme of Delegation and Financial Regulations; Trust's Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

### 2.5 Examples of what could constitute fraud and corruption are:

- theft of cash;
- non-receipt of income;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than The Futures Trust;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by The Futures Trust;
- unauthorised borrowing of equipment;
- breaches of confidentiality regarding information;

- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward.

2.6 The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the Finance Director.

2.7 Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the relevant school's Headteacher or the CEO.

### **3. Policy Statement:**

3.1 This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all employees in The Futures Trust.

3.2 The Futures Trust aims to be an honest and ethical organisation. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts Trust business. This document sets out The Futures Trust's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, The Futures Trust's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

3.3 This policy, in line with The Futures Trust's corporate values of integrity, consistency, impartiality, fairness and best practice, provides both employees and management with mutually understood guidelines for the administration of this procedure.

3.4 The scope of this procedure extends to all Trust employees, permanent, voluntary and fixed term.

3.5 Time limits specified in this document may be extended by mutual agreement.

3.6 If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

### **4. Gifts & Hospitality:**

4.1 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.

4.2 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of The Futures Trust:

- To accept gifts should be the exception. You may accept small ‘thank you’ gifts of token value, such as a diary, a coffee mug or a bunch of flowers. You should notify the Finance Director of any gift or hospitality over this value for entry in the Register of Business Interests.
- Always say “no” if you think the giver has an ulterior motive. Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a more prompt service or preferential treatment.
- Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract with The Futures Trust, seeking employment with The Futures Trust or is in dispute with The Futures Trust, even if you are not directly involved in that service area.
- Where items purchased for The Futures Trust include a ‘free gift’, such a gift should either be used for Trust business or handed to the Finance Director to be used for charity raffles.
- If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult the Finance Director or academy Headteacher.

4.3 A gauge of what is acceptable in terms of hospitality is whether this Trust would offer a similar level of hospitality in similar circumstances.

- Occasional working lunches with customers, providers or partners are generally acceptable as a way of doing business provided they are not to an unreasonable level or cost.
- Invitations to corporate hospitality events must each be judged on their merit. Provided the general rules have been taken into account, it may be acceptable to join other company/organisation guests at:
  - a. sponsored cultural and sporting events, or other public performances, as a representative of The Futures Trust;
  - b. special events or celebrations.

But, consider the number of these events, and always take into consideration what public perception is likely to be if they knew you were attending.

- Acceptability depends on the appropriateness of the invitations, in terms of the level of hospitality, the frequency and the status of the invited employee. In all such cases the Headteacher must be consulted.

- Paid holidays or concessionary travel rates are not acceptable. Neither are offers of hotel accommodation nor the use of company villas/apartments.
- If you are visiting a company to view equipment that The Futures Trust is considering buying, you should ensure that expenses of the trip are paid by The Futures Trust. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that The Futures Trust's purchasing and/or tender procedures are not compromised.
- Acceptance of sponsored hospitality that is built into the official programme of conferences and seminars related to your work are acceptable.
- Offers to speak at corporate dinners and social gatherings, or events organised by, for example, a professional body, where there is a genuine need to impart information or represent The Futures Trust must be agreed in advance with a Headteacher. Where your spouse or partner is included in the invitation, and approval has been given for you to attend, it will be acceptable for your spouse or partner to attend as well, but if expenses are incurred, these will be met personally.
- Any invitation you accept should be made to you in your professional / working capacity as a representative of The Futures Trust.

## **5. Roles and Responsibilities:**

### **5.1 Employees, trustees and governors**

The Futures Trust has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- The Trust's Finance, Resources, Audit & Risk Committee meets regularly;
- A requirement for all employees and governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for employees, trustees and governors to disclose personal interests;
- All employees, trustees and governors are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Employees, trustees and governors also have a duty to report another member of employees or governor whose conduct is reasonably believed to represent a failure to comply with the above.

### **5.2 Internal Audit**

The Internal Auditor has specific responsibility for overseeing the financial arrangements on behalf of the governors.

The main duties of the Internal Auditor are to provide the governors with on-going independent assurance that:

- The financial responsibilities of the governors are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

### 5.3 Finance Director

The Finance Director has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of The Futures Trust.

In respect of fraud, it is therefore the responsibility of the Finance Director to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of The Futures Trust's financial position.

### 5.4 External Audit

The Futures Trust's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by The Futures Trust throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Department of Education.

## **6. Reporting a Suspected Fraud:**

- 6.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the Finance Director and also referred to the Headteacher, unless this individual is involved in the irregularity in which case the CEO must be informed.
- 6.2 Please refer to The Futures Trust Whistleblowing Policy for further guidance.

## **7. Response to Allegations**

- 7.1 The local Headteacher will have initial responsibility for co-ordinating the initial response. In doing this he/she will consult with the trust's Human Resource

advisors regarding potential employment issues. The local Headteacher will inform the CEO and will also seek legal advice from The Futures Trust's solicitors on both employment and litigation issues before taking any further action.

- 7.2 The Finance Director and Headteacher will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of Finance, Resources, Audit & Risk Committee. Even if there is no evidence to support the allegation, the matter must be reported.
- 7.3 The Finance, Resources, Audit & Risk Committee will undertake the management of the investigation.
- They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
  - They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of the Board of Trustees.
  - If further investigations are required, they will determine which outside agencies should be involved (police, auditors).
- 7.4 The Headteacher is required to notify the CEO of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of the Board of Trustees fully informed between board meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 7.5 If evidence of fraud is forthcoming then the Board of Trustees will inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

## **8. Confidentiality and Safeguards**

- 8.1 The Futures Trust recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Futures Trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.
- 8.2 This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.
- 8.3 There is a need to ensure that the process is not misused. For further guidance refer to The Futures Trust HR policy.

## **9. Links with other Policies:**

9.1 The Trust is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Anti-Fraud and Anti-Corruption policy attempts to consolidate those in one document and should be read in conjunction with the following Trust policies:

- Gift & Hospitality Policy
- Whistleblowing Policy
- Finance Policy
- HR Policy



# Appendix 3



## **Risk Management Policy**

**May 2023**

**Date of Review: May 2023 (no changes)**  
**Lead Reviewer: Trust Finance Director & Commerce & Risk Manager**  
**Approval: Finance, Resources, Audit and Risk Committee**  
**Approved on: 15 May 2023**  
**Next Review Date: May 2024**

## **Introduction**

1. This risk management policy forms part of The Futures Trust's governance arrangements and system of internal controls. The policy incorporates the roles and responsibilities of the Board of Trustees, Local Governing Bodies, School Senior Managers and other employees, the trust's risk management methodology, risk exposure reporting and systems in place to evaluate the effectiveness of the internal controls.

## **Governance**

2. The Board of Trustees has responsibility for the trust's risk exposures and directing risk management within the trust.
3. The CEO, Head teachers and senior managers will identify, monitor and report risk to Local Governing Bodies, advise on, and implement risk policies and actions approved by the Board of Trustees, and are responsible for fostering good risk management practice within the trust.
4. All the trust's employees are expected to be aware of and manage risk as part of their day to day duties.

## **Role of the Board of Trustees**

5. The Board of Trustees will:
  - determine the trust's approach to risk management
  - determine risk appetite (levels of acceptable risk) for the trust
  - agree initiatives which materially affect the trust's risk profile or exposure
  - review the trust's risk register regularly (at least annually) and direct mitigating strategies.
  - set the standards and expectations of employees with respect to conduct and probity
  - consider legal and compliance matters
  - anticipate and respond, whenever possible to changing social environmental and legislative requirements
  - raise awareness of the need for risk management.
  - ensure that significant risks are being actively managed, with the appropriate controls in place and working effectively.
6. Local Governing Bodies and School Senior Leaders including the CEO will:
  - implement risk management policy, procedures and mitigating strategies as directed by the Board of Trustees
  - identify and evaluate the significant risks faced by the school for consideration by the Local Governing Body and The Board of Trustees.
  - provide adequate information utilising the risk register and risk reports in a timely manner to the Board of Trustees and its committees on the status of risks and controls.

- undertake (for example, by commissioning internal audit) an annual review of effectiveness of the systems of internal control and risk register for reporting to the Board of Trustees.

## **Risk Management and Systems of Internal Control**

7. The Futures Trust's risk management policy includes systems of internal controls. These controls encompass a number of elements that together facilitate an effective and efficient operation, enabling the trust and its schools to respond to a variety of strategic, financial, and reputational risks.

8. These elements include:

### Policies and procedures

9. Attached to significant risks are a series of policies which underpin the internal control process.

10. The policies are set by the Board of Trustees through its committees and implemented by Local Governing Bodies and school senior leaders. Written procedures support the policies where appropriate.

### Regular reporting

11. Regular reporting is designed to monitor key risks and their controls. Decisions to rectify problems identified are made at regular meetings of the relevant committees of the Board of Trustees and, if appropriate, of the full Board of Trustees itself.

### Planning and budgeting

12. The planning and budgeting process may be used to set objectives, agree action plans, and allocate resources. Progress towards meeting planned objectives will be monitored termly.

### Risk management assessment (The Futures Trust Risk Register)

13. A risk management assessment is compiled by school leaders and helps to facilitate the identification, assessment and on-going monitoring of material risks to which the trust and its schools are exposed. The document is formally reviewed annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

### Departmental responsibilities of Middle Leaders

14. Heads of Departments are encouraged to develop and use this approach to ensure that significant risks in their department are identified, assessed and monitored through each department's risk management systems and procedures.

### Internal audit programme

15. The Futures Trust initiates internal audit programmes for all financial (and related) matters, and a Finance, Resources, Risk and Audit Committee monitors the effectiveness of internal controls

### External audit

16. External audit of the financial statements provides feedback to the Board of Trustees on the operation of internal financial controls reviewed as part of the annual audit.
17. Other external audits (e.g. the health and safety inspections and visits from insurers, the ESFA and Ofsted) may also be the subject of periodic reports to the Board of Trustees.

### **Annual review of effectiveness**

18. The Board of Trustees is responsible for reviewing the effectiveness of internal control of the trust, based on information provided by the CEO, Head teachers and School Leaders to the Finance, Resources, Audit and Risk Committee.
19. The reports of the CEO, internal auditors, external auditors, insurance provider, and the risk register review will be considered and any required action will be minuted and communicated to Local Governing Bodies and School Leaders for implementation. The outcome of this action must be reported to the Finance, Risk and Audit Committee for discussion at the next meeting or sooner if necessary.

### **Risk Culture**

20. The Futures Trust actively identifies, evaluates and mitigates risk to ensure that exposures are managed within agreed and acceptable tolerances. All organisations are exposed to risk and all exposure can never be eliminated. However, using training and development, the trust propagates an awareness of risk which permeates the organisation. Performance management systems are used to develop a culture where all members of staff are aware of the risks associated with their area of work and their role in managing those risks.

### **The Impact of Risk**

21. Risk can be defined as 'uncertainty' which manifests in (often unforeseen) events and threats which can impact an organisation's ability to carry out its core functions, meet its strategic aims and jeopardise its long term survival.
22. Risk is part of life and organisations recognise the need to identify, monitor and manage risk in a manner that is acceptable to itself and its regulators. Risk must be managed in way that protects the organisation from sudden, devastating events whilst accepting that a degree of strategic, financial and reputational loss will occur from time to time.

23. The Futures Trust recognises and seeks to manage four main risk impacts:

- i. **Strategic risks** which threaten its aim to provide outstanding education to the students it serves.
- ii. **Financial risks** which impact income, increase costs or degrade the value of assets owned by the trust.
- iii. **Reputational risks** which damage the trust's image and adversely affect its appeal and brand value.
- iv. **Operational risks** where established controls and procedures are not followed. Individual risks such as changes in government funding, fraud, accidents, increasing utilities costs etc. will result in strategic, reputational and/or financial impact. The trust's Risk Register includes risks which have the potential to **materially impact** the trust.

### **Assessing and Monitoring Risk and Setting Risk Appetite**

24. When assessing risks, each risk's propensity to impact the trust (severity) should be considered, along with the likelihood (probability) of the risk occurring. The severity and probability assigned to each risk will be based upon assumptions and judgement. Past experience and historical data may provide a degree of certainty (increasing costs of utilities for example) and wherever possible the trust and its schools should identify **Key Risk Indicators** and monitor them rigorously. KRIs should be used as an early warning system and often indicate and increase in the **probability** of a risk and its impact materialising. Changes in KRIs should feed into the trust's **risk register** and risk reporting to governors.

25. Subjective risk assessment of potential **severity** (strategic, financial and reputational impact) tends towards a **worst case** scenario. For example, when assessing the threat of fire or flood, it seems prudent to assume that an entire school site could be totally destroyed. Mitigating action such as insurance or business continuity planning may well cater for the worst case. Worst case (high severity) risk will often be assumed to carry a low probability. However, it is worth remembering that outcomes other than the worst case are possible (flooding of only part of the site for example) and that these relatively lower severity outcomes may well carry a higher probability and demand different mitigating response (such as building a barrier between the part of the site closest to the flood source).

26. Where risks are deemed to be difficult to assess, highly variable, or it is thought that the worst case **severity** is threatens the survival of the trust, this indicates a higher degree of uncertainty, and therefore a greater degree of risk.

27. The potential loss to the trust and its associated probability should be weighed against the *entire cost* of any mitigating action.

28. By weighing up how much risk is or isn't acceptable, setting risk limits and directing mitigating actions, Trustees set the trust's **risk appetite**.

### **Risk Reporting and Communication**

29. The aim of reporting risk is to provide assurance to the Governors, Senior Management and Stakeholders that the trust is effectively managing its risks and has a robust system of internal controls.

30. Risks are monitored by senior leaders on the Trust's risk register and emerging risks which are a cause for concern are reported to the Finance, Resources, Audit and Risk Committee.

31. Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk will be recorded on the risk register as it occurs. Any new or increased risks identified by senior leaders, Governors or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

### Critical Incidents To Be Escalated To Trustees

32. Escalation of 'critical incidents' will provide Trustees with sight of the major risks facing the trust and how these are being mitigated and managed by senior leaders. Critical incidents are key data points which can signal a need for further investigation or management action as a result of 'lessons learnt'. Critical incidents should be escalated to the first Board of Trustees following identification and are defined as follows:

- Business Interruptions where public examinations / SATs testing is interrupted or where teaching and learning is interrupted for the majority of students for 3 hours or more
- Incidents requiring Insurance Claims
- Incidents which resulted in life threatening injury, loss of life or which could have endangered life
- Incidents which are or are likely to attract negative media coverage (local and national press)
- Incidents with a potential financial impact of £100K or more
- Incidents which are likely to result in court action against the Trust or one of its staff.
- Safeguarding incidents where school activity was outside nationally agreed practice or where school activity contributed in any way to the incident (e.g. by not following its own procedures).
- Any incident which has the potential for any school to be forcibly investigated by a 3<sup>rd</sup> party.
- Buildings Damage or Deterioration which impacts classroom / teaching space, or leads to significant health and safety concerns.

33. It is envisaged that these definitions should be revisited periodically to ensure that the balance of number and severity of incidents escalated to Trustees is appropriate.

## Mitigation and Control

34. When considering the risks which threaten the trust, Trustees, governors and senior leaders will direct the implementation of risk management strategies. Each strategy should attempt to mitigate some aspect of probability and or severity:
35. Avoid: Counter measures are put in place that prevent a risk materialising.
36. Transfer: All or part of the exposure is transferred to a third party, for example via an insurance policy.
37. Mitigate: Interventions to reduce the probability of the risk materialising or limiting the impact to acceptable levels.
38. Accept: An acceptance that the risk exposure is “a cost of doing business” within defined tolerances or is entirely beyond the control of the academy (for example education funding) or that the costs of mitigation outweigh the reduction in exposure.
39. The school should continue to monitor the situation.
40. It is expected that more than one of these are applied to some risks.
41. All trust schools will put in place:
  - Business Continuity Planning – every school will have a plan based on the standard trust template
  - Adequate Insurance cover arranged by the trust and reflecting trust policy
  - Internal controls which mitigate risk within agreed tolerance
  - Tighter contractual arrangements (refer to the trust’s procurement policy
  - Provisions (financial contingency) to cushion the impact of unexpected events
  - Investing in new and improved systems
  - Reducing or ceasing activities or practices which expose the trust to unacceptable levels of risk (as notified by Trustees).
42. Each mitigating action carries a degree of cost to the trust. The cost of risk management strategy should be weighed against the extent of risk exposure it mitigates.

# Appendix 4



## **CREDIT CARD POLICY**

**March 2023**

**Date of Review: March 2023**

**Lead Reviewer: Trust Finance Director**

**Approval: Finance, Resources, Audit & Risk Committee – 15 March 2023**

**Date of Next Review: March 2024**



## **1.0 Introduction**

1.1 The purpose of this document is to provide clear guidance to employees on the issue and usage of Company Credit Cards. All individuals must have due regard to the best interests of The Futures Trust.

## **2.0 Card Issue**

2.1 An application from a member of staff for a Corporate Credit Card may only be approved by the Finance Director.

2.2 The credit card shall be issued by the Trust's Corporate Credit Card Provider.

2.3 Each Corporate Credit Card will be issued to a specific person, who will remain personally accountable for the use of the card. Cardholders will sign the Corporate Credit Card User Declaration (Appendix 1). The cardholder should not allow other members of staff to use the card. No more than one card shall be issued to a member of staff.

## **3.0 Card Usage**

3.1 The primary method of payment remains invoicing and this shall always be used in preference to card purchases where this is offered as a method of payment by the supplier.

3.2 The Corporate Credit Card can be used for:

- Purchasing online where invoicing by the supplier is not possible
- Purchasing online where it would be uneconomical to pay by invoice (e.g. where the cost is significantly increased by being invoiced).
- Or other situations where a credit account isn't available

3.2 Corporate Credit Cards cannot be used for personal expenditure or cash withdrawals under any circumstances.

3.3 The credit card account shall have a monthly spending limit which will be allocated depending on need. This is set and reviewed periodically by the Finance Director.

3.4 Unauthorised use of a TFT issued credit card may lead to disciplinary action being taken.

## **4.0 Cardholder's Responsibilities**

The cardholder shall:

- Sign to accept they have personal responsibility for transactions on the credit card issued to them.
- Store their card in a safe / locked drawer when not in use.
- Do not allow others to use or hold the card
- Not write down the PIN or disclose the PIN to anyone else.

- Report the loss of a card to the issuing bank, the police (if stolen) and the Finance Director immediately. This will enable appropriate action to be taken to minimise any financial loss.
- Report any suspected fraud or misuse to the issuing bank and the Finance Director immediately. This will enable appropriate action to be taken to minimise any financial loss.
- Ensure all order request forms are authorised as per the below approval thresholds before placing any orders.

## Approval Thresholds

Approval	Procurement	Best Value Process
Board of Trustees	£300K + Competitive Tender unless light touch	EU Tender
TFT FRC	£164,176-£300K goods and services £589,148 services used solely to deliver education (e.g. staff salaries)	EU Tender
CEO	£30-£164K	3 quotations minimum or formal tender (framework)
HT & Trust FD	£20-£30K	3 quotations
HT	£5-£20K	3 quotations
SBM	£2-£5K	Approved suppliers with benchmarking to prove value
Budget Holder	£0-£2K	Approved suppliers with benchmarking to prove value

- All invoices and/or receipts should be are retained and filed for audit purposes.
- Manage spending by retrieving a monthly statement from the Corporate Credit Card providers portal and checking all fully authorised orders and invoices are present before presenting to the finance department for processing by the monthly deadline.
- Allow the Finance Team to recover the cost of any unauthorised transactions.

## 5.0 Controls

5.1 Clear separation of duties is fulfilled by the following.

- The Finance Team records transactions on to the Trust's financial operating system.
- The Finance Team will review receipt of transactions and reconcile direct debits on bank accounts statements against credit statements.

5.2 The Trust reserves the right to suspend the use of a corporate credit card, alter the card monthly and single transaction limit, or cancel issued cards at any time where it believes that this is not being followed, or for other operational reasons.

**APPENDIX 1 Credit Card [“the Card”] Cardholder Consent Form**

I consent to be cardholder on the following credit card account held by The Futures Trust.

School: \_\_\_\_\_

Credit Card Issuer: \_\_\_\_\_

Card Number: \_\_\_\_\_

I confirm that I have read The Futures Trust Credit Card Policy [“the Policy”] and that I will abide by its terms and conditions.

I acknowledge and agree that:

1. I will use the account only to purchase items/services on behalf of the school or The Futures Trust and not use the account for any personal expenditure.
2. I will only purchase items/services in accordance with the Policy and where invoicing through the normal purchasing process is not available.
3. I will take care of the card whilst in my possession to avoid its loss or theft.
4. I will not disclose to any other person, or write down, the Card PIN number.
5. I will only use the Card security number for online purchases where a security number is requested and on a secure (indicated by padlock system) Internet website.
6. I will not use the Card to withdraw cash unless prior permission is obtained from the Finance Director.
7. I understand that upon discovery of loss or theft of the Card, I must as soon as possible notify: a. The issuing bank; b. Finance Director and c. the police (only in the event of theft)
8. I understand that I am personally liable for all charges on the account which relates to transactions which have not been conducted in accordance with the Policy.
10. I agree that if I cease to be employed by The Futures Trust that I will immediately return the card to the Finance Director.
11. I understand that unauthorised use of the card may lead to disciplinary action by The futures Trust.

Staff member: \_\_\_\_\_ Finance Director: \_\_\_\_\_

Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_