Finance Policy
for
The First Federation Trust

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1.0 Introduction and statement of intent

The purpose of this financial policy is to ensure that The First Federation Trust adopts systems of financial control that conform to the requirements both of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement (FA), Articles of Association, company and charity law (including the Procurement Act 2023 and the Academy Trust Handbook) and First Federation Trust Financial Procedures.

2.0 Scope and applicability

This policy applies to all trustees/directors and staff.

Staff with regular involvement with financial systems and procedures should be familiar with the content of this policy.

3.0 Roles and responsibility

The roles and responsibilities of all groups of people/ individuals who carry financial and assurance responsibilities within The First Federation Trust are set out below. This ensures a clear structure with clear areas of responsibilities

3.1 Directors

For the purpose of this policy, this group is referred to as the Directors although in this section we have separated the duties to reflect the charity law (trustees) and company law (directors). Their overall responsibilities are as follows:

Director Compliance

- Ensure that The First Federation Trust complies with charity law, and with the requirements of Companies House and the DfE who are the regulatory bodies.
- Ensure that The First Federation Trust does not breach any of the requirements or rules set out in its Articles of Association
- Are accountable to follow the Objects of the organisation
- Comply with the requirements of other legislation and the DfE
- Act with integrity, and avoid any personal conflicts of interest or misuse of the Trust's funds or assets.
- Ensure that they comply with the requirements of the Academy Trust Handbook, particularly in relation to transactions with connected parties.

Director's duty of prudence

- Ensure that The First Federation Trust is and will remain solvent.
- Use funds and assets reasonably, and only in furtherance of the Trust's objects.
- Avoid undertaking activities that might place The First Federation Trust funds, assets or reputation at undue risk
- Take special care when investing the funds of the Trust.

Director's duty of care

- Use reasonable care and skill in our work as trustees, using personal skills and experience as needed to ensure that the Trust is well-run and efficient.
- Consider getting external professional advice on all matters where there may be material risk to the Trust.

Director's duty to act within the powers of the company and to promote its success

- Working within the company's constitution set out in their Funding Agreement (FA) (including the Memorandum and Articles of Association)
- Acting to promote the charitable purposes of the company.

Director's duty to exercise independent judgement and to exercise reasonable care, skill and diligence

- The directors will act independently without being influenced by a third party. Delegation of duties will be in line with the Terms of Reference and Scheme of Delegation.
- The directors will share knowledge, skill and experience as may reasonably be expected of any person carrying out the functions of a director in relation to the company and any other general knowledge, skill and experience that he/she has that is appropriate.

Director's duty to avoid conflicts of interest and not to accept benefits from third parties

- Conflicts of interest relate to a divergence between a director's personal interest and his/her duties to the company e.g. employment of a trustee or a connected person, a trustee being paid to provide professional services to a company
- Directors cannot accept benefit from a third party conferred by reason of their being a director

Director's duty to declare an interest in a proposed transaction or arrangement

- If a director is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he/she must declare the nature and extent of the interest to fellow directors before The First Federation Trust enters into the arrangement.

The Academy Trust Handbook (ATH), which is adopted by the Directors, and from which this policy is structured, is the main source of direction with regards to The First Federation Trust financial management along with this policy.

Robust financial management is supported by:

- Reporting from Internal Auditor
- External audit
- Policies and regular review of these (this forms part of internal audit checks on a rolling program)
- Covering of responsibilities during board & committee meetings, including ATH updates
- Approval of all returns before they are submitted (Budget, annual accounts return, etc)
- Clear vision of annual reporting timetable, showing compliance through minutes of meetings
- Ensure awareness of the Strategic & Finance Committee (SFC) and Audit & Risk Committee (ARC) Terms of Reference and that all members understand them. This will be done through directors' induction when they first join the board.

3.2 Trust board

The Trust Board evidence that their responsibilities are met through

- Annual Trustees Report in the Financial Statements.
- Minutes of meetings, including supporting papers (e.g. management accounts)
- Internal auditor reports

3.3 Accounting officer

The Accounting Officer (AO) of The First Federation Trust is the Chief Executive Officer (CEO). The CEO is personally responsible to Parliament and to the accounting officer of the DfE for the resources under his/her control for the following:

- The regular use of funds in accordance with the First Federation Trust FA
- The keeping of proper accounts, including monthly management accounts and cash flow reports
- Prudent and economical administration
- The avoidance of waste and extravagance
- Ensuring value for money
- The efficient and effective use of all other resources in their charge

The AO will advise the Trust Board (in writing) of any undertaking by them which he deems in breach of the term of the FA and the ATH. The AO shows his responsibilities are met through:

- Regular meetings with the Director of Finance to go through relevant financial information
- Reports from the internal auditor commenting on financial internal controls
- Benchmarking against similar schools
- Copies of minutes from the SFC committee meetings showing the business case for new expenditure
- Following this policy with regards to the scheme of delegation with evidence through minutes of meetings

3.4 Internal Auditor

Internal scrutiny
The IA has a responsibility to carry out termly checks within the Trust central/school finance offices to challenge the internal control and compliance with the financial policies and risk registers adopted by the Trust Board. This is carried out to provide the Directors with independent assurance that

- The financial responsibilities of the Trust Board are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions
- They will evaluate the suitability of, and level of compliance with, financial and other controls. This will include both evaluating whether controls and procedures are effective and efficient, and checking transactions to confirm that controls and procedures are being followed.
- They will provide advice and insight to the Trust Board on how to address weaknesses in financial and other controls, recommending improvement, but without diluting the responsibility of management for the day to day running of the First Federation Trust.
- Risks are adequately identified, reported and managed.

The internal auditor is appointed by the Trust Board and is a purchased service provided by Thompson Jenner LLP. The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the audit & risk committee and informed by risk.

The internal auditor shows his/her responsibilities are met through:

- Termly reports to the Audit & Risk committee
- An annual presentation to the Audit & Risk committee or Trust Board (if requested to do so)

The trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the DfE each year when it submits its audited annual accounts. If requested, the trust will also provide any other internal scrutiny reports

3.5 Director of Finance (DoF)

The DoF of The First Federation Trust is responsible to the CEO and the Trust Board for the day-to-day financial management (this policy does not cover the entire job description), which is in line with the employment contract with The First Federation Trust. The DoF must be aware of all finance related policies (and take an active part in their development where possible), and when appropriate he/she must take an active role at time of revision. These must inform the work of the trust Operational Departments and school/central Administrators, and will be the documents that the internal audit function use to ensure compliance.

The DoF will show his/her responsibilities are met through:

- Reporting monthly to the CEO, and submitting monthly management accounts to the SFC committee
- Delivery of required returns to the Trust Board in line with published timelines
- Considering the recommendations in the internal auditor's termly reports are promptly acted upon.
- Annual external audit

3.6 Director of Operations (DoO)

The DoO of the First Federation Trust is responsible to the CEO and the Trust board for the day-to day management of financial aspects of the HR function, procurement, and premises management including health & safety (this policy does not cover the entire job description), which is in line with their employment contract with the First Federation Trust. The DoO must be aware of all HR, procurement, premises management and health and safety policies and take an active part in their development and revision where possible. These must inform the work of the Central Operational Departments and school/central Administrators, and will be the documents that the internal audit use to ensure compliance.

3.7 All staff members

All staff members are responsible for:

- The security of The First Federation Trust property
- Avoiding loss or damage of The First Federation Trust property.
- Ensuring economy and efficiency in the use of resources
- Conforming with the requirements of The First Federation Trust's financial procedures
- Reporting any misuse of The First Federation Trust property or resources to their line manager.

4.0 Financial oversight

The directors and Senior Leadership Group (SLG) of The First Federation Trust must ensure that they have the skills, knowledge and experience to run the multi academy trust. They will review the written scheme of delegation of financial powers annually, and ensure that they are able to manage/ overview this. The Trust Board has delegated the detailed scrutiny of the First Federation Trust's finances to the SFC committee.

The First Federation Trust Board must ensure that the DoF has relevant qualifications/ experience to play both a technical and leadership role in The First Federation Trust. The board is also responsible for the purchase of expertise where it is deemed necessary.

4.1 Investments – The Directors of The First Federation Trust will only invest funds in their operational bank utilising interest accounts, fixed term deposits and notice accounts to maximise interest and manage cashflow. Any further investments would require approval of the SFC or Board and a separate Investment Policy to be created.

Evidenced by:

- Minutes of meetings

4.2 Reserves

The Policy of the Trust is to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies. The Directors have determined that the appropriate level of available reserves should be a minimum of approximately 5% of the Trust total income. Individual academies are expected to produce at least breakeven budgets each year, but the Trust also recognises that this is not feasible in some cases where academies have low pupil numbers and lower funding levels from the DfE. In these cases, the Trust supports those academies in deficit and works with them to return the academy to a surplus position. Reserves of the Trust are pooled for the benefit of the Trust as a whole and the consolidated Trust budget is set so the Trust remains solvent. Where the consolidated Trust budget is forecasting an in-year deficit position, the Trust will take appropriate action to ensure ongoing financial viability.

4.3. GAG pooling

The First Federation Trust pools all income other than those funds that are restricted to individual academies. We aim for each school to break even based on the funding for their school, which is based on their pupil numbers. Should a school's budget forecast a deficit budget, the Trust will take appropriate action to ensure ongoing financial sustainability. Where there are concerns about the educational performance of a school, the Trust may overfund the school for a set period of time to enable rapid school improvement, at the Trust board's discretion. Where a Head of School disagrees with the budget allocation for their school, they will write to the DoF to outline why they feel their school has been unfairly treated as part of the GAG pooling arrangements and what action they expect to be taken to rectify it.

The DoF will review the Head of School submission and reply to them within 10 school days.

Where the Head of School is dissatisfied with the DoF response, they will be able to appeal to the CEO. The CEO will review the decision of the DoF and reply to the Head of School within 10 school days.

Should the Head of School be dissatisfied with the CEO response, they will be able to appeal to the Trust board. The Trust board will review the decision of the CEO and will reply to the Head of School within 15 school days.

Should the Head of School be dissatisfied with the response from the Trust board, they can appeal to the Secretary of State via the DfE, as explained in the Academy Trust Handbook currently paragraph 5.30 for the 2025 handbook.

5.0 Financial Planning

The First Federation Trust must prepare financial plans to secure the short-term and long-term financial sustainability of The First Federation Trust. A balanced budget must be submitted to the DfE annually in line with the DfE timeline and following their template.

If the budget does not balance then a recovery plan must be set within the timescale agreed with the DfE. The cash flow will be managed tightly as overdrafts are not permitted without approval from the Secretary of State.

Evidenced by:

- The submission of the annual budget to the DfE

6.0 Internal Control

The First Federation Trust has set the internal control and risk management processes to support the DoF and his/her team in their day-to-day work and to enable the Trust board and the accounting officer in carrying out their responsibilities recognising, managing and tracking opportunities and risks.

6.1 Co-ordinating the planning and budgeting process

The DoF will create a draft three year budget with the CEO, the detailed budget is taken to the Strategic & Finance Committee (SFC) for discussion and challenge. A final draft budget, taking into account the SFC committee recommendations, is then presented to the Trust Board, for them to review and approve. The agreed budget is then returned to the DFE. This process will need to be in line with the current DFE timeline which is published annually. The First Federation Trust will start this process in early April and the timing of the Summer Term governance meetings will reflect the directors' budget approval responsibilities once the DFE deadline is known.

The Strategic & Finance Committee and the DoF will show that they have met their responsibilities by

- Minutes of meetings, including relevant supporting papers
- Confirmation from the DFE of submitted budget by the required deadline.

6.2 Applying discipline in financial management

6.2.1 Banking

The First Federation Trust holds the following bank account for the running of the day-to-day business of The First Federation all of these accounts form part of the annual accounts.

- The First Federation Trust (main a/c)
- The First Federation Trust South Hub a/c
- Chickerell OSC a/c
- Sidmouth OSC a/c
- Whitchurch OSC a/c
- Instant Access Savings Account a/c

The mandates for each of the accounts are kept in the Trust Head Office and maintained by the DoF, any change of personnel affecting the mandate is dealt with within one term of their resignation.

The signatories for the accounts are as follows and two signatures are required for all transactions:

The current signatories for all accounts are as at 19/12/2025:

- Mr Michael Platten Director of Finance
- Mrs Emma Harris Trust Accountant
- Mrs Isabelle Candy Lead Governance Professional

Bank reconciliations are carried out on a monthly basis to the end of the month and filed appropriately, the outstanding items are reviewed regularly and any old (more than 6 months) receipts and payments above £1,000 must be taken to the SFC committee before they are written off.

The First Federation Trust use credit cards and there is a separate Card Policy for the procedures and regulations of these.

All orders/payments must be authorised by the relevant budget holders and in line with the scheme of delegation.

Evidenced by:

- Bank reconciliations
- DoF's termly report
- Aged creditor reports
- External audit report

6.2.2 Purchasing –

Purchase orders are raised by administration staff and authorised by the relevant budget holders through automated workflows within our finance system, subject to the scheme of delegation (appendix B). These must be via a system generated order.

Approvers must check that orders have followed the Finance Policy and ensure value for money.

Where purchases are for products/services that involve sharing personal data, the person requesting the purchase must liaise with the school/Trust data lead to assess whether a Data Protection Impact Assessment (DPIA) needs to be carried out, as set out in the Trust Data Protection Policy. Where a DPIA is necessary, this should be completed prior to the product being purchased, and must be reviewed by the Trust Data Protection Officer before any personal data is shared with the provider of the product/service.

Goods received notes when received must be checked to deliveries by the school administrator/admin staff and to the original order, any discrepancies must be dealt with by the school administrator/admin staff. Goods and services correctly received must be confirmed as such under the order on the financial system.

Invoices must be processed against the applicable order on the financial system. If the invoice value is higher than the order then this must be re-approved as per the scheme of delegation (through the financial system workflow) by the applicable budget holder. Once the order has also been suitably receipted it will then be automatically posted to the financial system for payment.

Invoices that don't have an applicable order must be processed as a non-order invoice and must be approved per the scheme of delegation (through the financial system workflow) by the applicable budget holder.

An aged creditor report must be run at least monthly and any overdue invoices must be investigated and issues resolved by the central finance team.

Evidenced by:

- Aged creditor reports

- Internal Auditor's termly report
- External audit report

6.2.3 Contract management – including tendering and quote submissions

All contracts are recorded with the relevant expiring dates. This is reviewed annually when the budget is set to determine which contracts are due for renewal in the coming year.

In exceptional circumstances where a product or service is unique or would incur additional costs not included within the provision (for example the additional costs of training staff in the use of new systems) and that service/product cannot be found elsewhere of a similar nature then a Single Supplier contract can be requested of the SFC without the requirement to obtain alternative quotes. The SFC is able to approve single supplier contracts. Single supplier orders can only be placed after they are approved by the SFC.

It has been agreed that for educational subscriptions up to £20,000 in yearly commitment, which by nature don't have like for like comparison products that can be comprehensively compared, that a value for money exercise will be carried out regarding similar products and the outcome of the assessment will be documented, reviewed and agreed by the approving party (per the scheme of delegation in Appendix B). Should a subscription cost above £20,000 per annum, this will need to be formally agreed by the SFC prior to agreement of the contract.

The tendering for new and renewed contracts must follow the procedures below and the scheme of delegation (appendix B) apart from insurance where the DoF and DoO must ensure that the First Federation Trust follow the requirements set by the DfE.

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the DoO how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

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

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

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required

- after sales service requirements
- form of contract.
- It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:

- introduction/background to the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider – tendering and quote submission

- Financial
- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- If there is scope for negotiation, this must be considered.
- Technical/Suitability
- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.
- Pre sales demonstrations
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.
- If in practice there is a sole provider of the goods or services, appropriate consideration will be given to ensuring that value for money is being obtained (which may include benchmarking similar services or providers elsewhere in the country) and evidence retained for audit purposes.

All procurement, tendered or through quote submissions, may follow the above considerations in awarding to a supplier. If a quote submission process is used and the cheapest supplier isn't the supplier proposed to be awarded the contract / work, then the highest level approver (per the delegated authority) needs to provide a note to accompany the procurement documentation / evidence explaining why the supplier has been selected, before the work / contract can be awarded, demonstrating value for money is met (referencing objective assessment criteria and fair/consistent treatment of suppliers).

Tender Acceptance Procedures

The invitation to tender must state the date and time by which the completed tender documents have to be received by The First Federation Trust. Tenders must be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes will be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline will not normally be accepted.

Tenders may also be managed by qualified external consultants, using their tender acceptance procedures.

Tender Opening Procedures

All tenders submitted are opened at the same time and the tender details are recorded. Two people should be present for the opening of tenders as follows:

- For contracts up to £100,000 - two of the DoF, DoO, the CEO, Education Directors or Operational Department Heads;
- For contracts over £100,000 - the DoF, DoO or the CEO plus a member of the SFC committee.

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

Tenders may also be managed by qualified external consultants, using their tender opening procedures.

Tender Evaluation

- The evaluation process will involve at least two people. Those involved must disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- Full records must be kept of all criteria used for evaluation and for contracts over £30,000 a report is prepared for the SFC committee highlighting the relevant issues and recommending a decision. For contracts under £30,000 the decision and criteria should be reported to the SFC committee.
- Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
- The accepted tender should be the one that is economically most advantageous to The First Federation Trust. All parties shall then be informed of the decision.
- In the event that a tender other than the lowest is accepted, those involved in making the decision must document and report the reasons for not accepting the lowest bid to the Board of Directors.

Retention of Records

All relevant documents relating to the tender process (including minutes of meetings held and a written record of the reasons for the decision made) must be retained by The First Federation Trust for audit purposes and in accordance with the Trust Record Retention and Deletion Policy.

Evidenced by:

- Internal auditor's termly report
- External audit report
- Tender documents

6.2.4 Sales Ledger

Sales ledger invoices are raised by the Central Finance Team/admin staff/OSC Manager. These may be typed invoices in relation to Out of School club fees & Nursery Fees. For all other invoices they will be entered into the financial software and filed.

An aged debtor report must be run monthly and any aged debt must be chased by the Admin staff/central finance staff, the report must be kept in the relevant teams area. Any debts that are not recoverable must be written off in line with the debt recovery procedures.

Evidenced by

- Internal audit's termly report
- External audit

6.2.5 Lettings

Lettings are managed by the School Administrator in each school who will ensure that clients are charged the annually agreed charges and that The First Federation Trust receives the income. The DoO has ensured that The First Federation Trust has adequate insurance arrangements to cover lettings and/or that hirer's have their own acceptable arrangements, and that these are reflected in the policy. The Lettings Policy must be reviewed in line with the timescales stated in the policy.

All lettings must be authorised in accordance with the Lettings Policy.

- Internal auditor termly report
- External audit
- Lettings Forms

6.2.6 Salaries, Wages and Pensions

The DoO is responsible for ensuring that:

- The payroll provider is notified of all new, discontinued or changed staff contracts and circumstances that impact on payroll
- A record of those authorised to make payroll changes & their specimen signatures is kept
- Personnel records for each member of staff are kept
- Statutory documents are kept for staff including the requirements from the pensions' schemes, these may be kept at the payroll provider.

The Trust Board is responsible for

- Approving the Pay Policy
- Approving pay increases for the Trust Senior Leadership Team
- Approving the payroll provider, if this service is purchased, and ensuring that the arrangements for processing salaries, wages and pensions are in accordance with the Financial Regulations.

The SFC committee is responsible for

- Approving changes to personnel who have authorising responsibilities
- Approving pay increases for executive staff who are not part of the Trust Senior Leadership Group annually
- Reviewing the pay structure including allowances annually, with the exception of executive pay which is reviewed by the Executive Remuneration and Performance Management committee.

6.3 Preparation of timely monthly management and cash flow accounts

The following will be carried out regularly

- Accruals should be posted for any goods/ services which have been received / provided but the payment has not gone through the financial software
- Prepayments, for any payment that has been made before it is matched to the income in the accounts
- Deferred income, for income that has been received in advance of being matched against relevant expenditure

- Accrued income, for income that is due but not yet received.

Depreciation will be calculated and reflected on a separate spreadsheet at least annually.

The following control accounts must be analysed and reconciled

Payroll, the balance should be the PAYE and pension contribution due early the following month.

- Creditor control, this should match the aged creditors report
- Debtor control, this should match the aged debtor report
- Any other control accounts used

All budget holders must receive a half termly report showing the budget, commitments, actual expenditure and balance available.

6.4 Selection, planning and oversight of any capital projects

The DoF will be informed of the available funds through the DfE/ DFE bulletin and announcements, and will act in accordance to their procedures.

Once a capital project has been approved and the relevant funding received, then the DoF and DoO will report on both the financial and physical progress. This will be monitored by the SFC committee.

Evidenced by

- Internal auditor's report
- DoF and DoO Reports
- Minutes of meetings

6.5 Fixed Assets Accounting

The Trust Board have decided that the following policies are in place with reference to relevant documents:

- The capitalisation threshold for The First Federation Trust is £2,500. This is documented within our accounting policies which forms part of the statutory accounts.
- Grouping of assets, where assets are being purchased/ replaced in bulk buys and the individual asset does not reach the threshold but the total spend does, these must be grouped together and capitalised. This is relevant to ICT equipment/ suites, building projects, subject related equipment and is applied consistently across all purchases within the school.
- Useful economic lives of assets, the useful economic life of our assets is set out in our accounting policies which form part of our statutory accounts. The assets inherited on conversion to become an academy have been valued at their useful economic life taking into account the age and condition of the asset. They are also shown within the accounting policies and reviewed annually at the end of the accounting period
- The method of depreciation, the agreed methods are shown within the accounting policies, this includes the inherited fixed assets.
- The Trust Board will refer to the DfE's Good estate management for schools' guidance to help them to manage capital assets and budgets.

Evidenced by

- Fixed Assets Register

- Policies
- Minutes of meetings
- Internal Audit reports
- External Audit report

7.0 Delegated authorities

Liabilities and write-offs

The First Federation Trust may perform the following financial transactions up to the limits set out below: writing off debts and losses; entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by The First Federation Trust) the limits are:

- 1% of total annual grant income or £45,000 (whichever is smaller) per single transactions.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction (write off debt and losses and guarantees, indemnities and letters of comfort) where The First Federation Trust have not submitted timely, unqualified financial returns for the previous two financial years. This includes new academies that have not produced two years of financial statements.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for academies who have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these limits The First Federation Trust will seek and obtain explicit and prior approval of the Secretary of State (through the DFE) to the transaction.

Staff severance payments and compensation payments

The First Federation Trust will only make staff severance payments within the contractual entitlements and that comply with the ATH. These are approved by the SFC committee following professional advice from a suitably qualified professional services firm.

Leases

Trusts do not require the DFE's approval for operating leases except for transactions relating to land or buildings.

There are a number of categories of finance leases which do not require the DFE's approval.

All potential leases should be authorised by the DoF before they are entered into.

Managing surplus General Annual Grant

Any surplus balances will be monitored and used for specific projects as proposed by the CEO/DoF/DoO and agreed by the SFC committee.

8.0 Debt Management Procedures

The First Federation has adopted a separate Debt Recovery Policy.

9.0 Related party transactions

9.1. The MAT will be even-handed in their relationships with related parties by ensuring:

- Compliance with their statutory duties to avoid conflicts of interest, benefits are not accepted from third parties, and interests in proposed transactions or arrangements are declared.
- A **Declared Conflicts of Interest Register** has been completed.
- No member of the MAT uses their connection to the trust for personal gain.
- All payments are permitted by the articles of association or by authority from the Charity Commission.
- The Charity Commission approves payments to a trustee where there is a significant advantage to the academy.
- Any payment provided to the persons referred to in 9.16 satisfies the 'at cost' requirements outlined in this policy.

9.2. All transactions with related parties will be reported to the DFE in advance of the transaction taking place. This applies to transactions made on or after 1 April 2019.The Trust Board s will ensure procedures pertaining to related party transactions are applied across the Trust.

9.4. The Trust Board and accounting officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The 7 principles of public life'.

9.5. The Trust chair and the accounting officer will ensure their capacity to control and influence does not conflict with requirements.

9.6. The trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the chair of trustees and the accounting officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

9.7. The trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

9.8. The trust will report all related party transactions made to the DFE in advance of the transaction taking place.

9.9. The trust will obtain prior approval from the DFE for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the DFE's enquiry form.

9.10. For the purpose of reporting to, and approval by, the DFE, related party transactions do not include salaries and other payments made by the Trust to a person under a contract of employment through the trust's payroll.

9.11. The trust will declare, but not seek approval for, eligible transactions to the DFE where they are for services that can only be delivered by the diocese. A single upload of evidence relating to the payment or levy for these services will be completed.

9.12. The trust will obtain approval from the DFE using the online form for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019, where any of the following limits apply:

- Where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August
-

9.13. When seeking approval for a related party transaction, the following evidence will be provided:

- How the trust agreed to the related party transaction
- That your academy trust tested the market before making a decision
- How the trust has managed any conflicts of interest

Declared Interest Register

9.14. All business and pecuniary interests will be recorded on the **Declared Interest Register**, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships at other educational institutions and charities.
- For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began.

9.15. The relevant business and pecuniary interests of members, trustees, local governors and the accounting officer will be published on the trust's website.

'**At cost' requirements**

9.16. The trust will not pay more than 'cost' for goods or services provided by the following:

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

9.17. 'At cost' requirements do not apply to the trust's employees unless they are employed by one of the parties outlined in 9.15.

9.18. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.

9.19. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. 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.

9.20. If any of the parties outlined in 9.15 are based in, or work from, the trust's premises, the trust will agree an appropriate sum to be paid to the trust for use of the premises, unless the party is conducting work on behalf of the trust.

9.21. 'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the trust, but not in other cases.

9.22. Contributions made by the trust to the diocese for services received associated with securing the trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.

9.23. The trust will ensure that any agreement with an individual or organisation referred to in 9.15 is procured through an open and fair process and is:

- Supported by a statement of assurance from the individual or organisation to the trust confirming their charges do not exceed the cost of the goods or services.
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:

- All direct costs – the costs of any materials and labour used directly in producing the goods or services
- Indirect costs – a proportionate and reasonable share of fixed and variable overheads

10. Fraud

Fraud is a criminal offence, which is defined in the Fraud Act 2006 as:

- Deceiving through false representation.
- Failing to disclose information where there is a legal duty to do so.
- Abusing a position of trust.

In this policy, 'fraud' will be used to refer to all the definitions outlined above.

Examples of what could constitute fraud include, but are not limited to, the following:

- Theft of cash
- Substitution of personal cheques for cash
- Travelling and subsistence claims for non-existent journeys or events, or inflating claims
- Manipulating documentation to increase salaries
- Payment of invoices for goods received by an individual rather than the academy
- Unauthorised borrowing of equipment
- Failure to declare a conflict of interest
- Concealing a generous gift or reward
- Creation of false documentation

Roles and responsibilities around fraud:

Overall responsibility for dealing with fraud lies with the accounting officer.

Responsibilities of the accounting officer include:
- Overseeing the development and implementation of a system of internal controls that aim to minimise the risk of fraud.
- Overseeing the development and implementation of effective financial regulations, policies and procedures.
- Ensuring resources are being managed in an ethical, efficient and economical manner.
- Ensuring that rigorous investigations of potential fraud are carried out promptly.
- Ensuring the appropriate legal and/or disciplinary action is taken where fraud is proven.
- Ensuring that appropriate action is taken to recover assets and minimise loss.
- Producing the academy's annual accounts and a statement on regularity, propriety and compliance.

The Director of Finance will be responsible for:
- Assessing the areas of the academy that are most vulnerable to fraud, in conjunction with the Trust SLG.
- Conducting an initial investigation where a report of fraud is made, in conjunction with the Trust SLG.

The Trust chair will be responsible for receiving reports of fraud that involve the CEO.

The Audit & Risk committee will be responsible for conduction a full investigation of reports and determining what the next steps will be

All employees (including volunteers and temporary staff) and third parties that work with the Trust will be responsible for:
- Demonstrating the highest standards of honesty, probity, openness and integrity in the discharge of their duties.
- Complying with the provisions outlined in this policy.
- Being vigilant to the risks and indicators of fraud.
- Promoting an ethical, anti-fraud culture.
- Reporting their concerns in relation to fraud to their line manager, the DoF, CEO or Trust chair .
- Reporting any breach of this policy to the DoF or accounting officer.
- Providing information about any conflicts of interest and direct or indirect pecuniary interests to the Operational Department Head, DoF orLead Governance Professional.

Preventing fraud
Robust internal controls will be put in place to manage the risk of fraud – these will cover areas of:
- Process of authorising transactions
- Access restrictions and transaction controls
- Account reconciliations
- Physical security of assets
- Segregation of responsibilities
- Pre-employment checks

All employees that are involved in the implementation of these controls will be provided with relevant training.

Internal controls will be reviewed regularly by the Strategic & Finance committee, in conjunction with the CEO and DoF, to ensure they remain effective and are being consistently applied.

All employees will follow the code of conduct for employees.

All senior / finance employees, directors and other governance volunteers will be required to declare any business or pecuniary interests, or other conflict of interest, to the DoF or Lead Governance Professional.

The accounting officer will report any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year, to the DFE as soon as possible.

When making a report to the DFE, the accounting officer will provide information in accordance with the AFH.

10.1 Cyber

The Trust recognises that there are risks associated with users accessing and handling information in order to conduct official Trust business.

The Trust is committed to maintaining and improving information security and minimising its exposure to risk. It is the policy of the Trust to use all reasonable, practical and cost-effective measures to manage cyber risks and appropriate action will be taken where a cyber-security incident has occurred.

The Trust aims to comply with the DfE's Cyber security standards for schools and colleges.

The Trust is prohibited from paying any cyber ransom demands.

It is the responsibility of every member of staff to adhere to this policy and any Trust standards and procedures.

11. Audit requirements

The First Federation T rust has appointed Bishop Fleming as our statutory auditors. By adopting the ATH, we adopt part 4 Audit requirements, please refer to relevant section of the ATH.

APPENDIX A

ABBREVIATIONS / DEFINITIONS

A/C - Account

ATH – Academies Trust Handbook

AO – Accounting Officer

DfE – Department for Education

CEO – Chief Executive Officer

FA – Funding Agreement

DoF – Director of Finance

DoO – Director of Operations

SLG – Senior Leadership Group (CEO, DoO, DoF, Education Directors and Lead Governance Professional)

HoS – Head of School (includes School Improvement Officers)

OSC – Out of School Club

IA – Internal Auditor

HB – Hub Boards

Operational Department Head – Head of Estates, Head of Procurement & Resources, Head of HR

Executive Leader / Link Director / Education Director – Director of Inclusion, Director of Performance & Development, Director of School Improvement

Schools' Finance Support Team – Senior Finance Officer and Finance Officers supporting the schools

Central Finance Team – Central Finance Team led by the Trust Accountant

KEY TO ALL TABLES IN APPENDIX B

Frequency	**Functions**	**Notes**
O =Ongoing	O = Oversee	# Substitute name of fund or budget holders
W = Weekly	S = Supervises	£ Insert individual limits.
M = Monthly	R = Reports	
H = each half term	C= Co-ordinates	* Acts within delegated powers and if required
T = Termly	√ = does	
Y= as soon as possible after Year-end	A =Assists as required	

Appendix B
SCHEME OF DELEGATION
Table of Delegated Authority/Responsibility

Function	Accounting Officer / EducationDirector	DoF / DoO / Operational Department Head / Schools' Finance Support Team	Chair of directors/Strategic & Audit committee	Head of School	Deputy Head of School	Administrator/clerical staff / Central Finance Team	Lead Governance Professional	Kitchen Manager	Caretaker	OSC Manager	Pre School Manager
Comply with Financial Regulations	√	√	√	√	√	√	√	√	√	√	√
Comply with Minimum Standards	√	√	√	√	√	√	√	√	√	√	√
Ensure separation of duties	√	√	√	A	A	√	A	A	A	A	A
Ensure internal controls operate correctly	√	√		√	√	A	A	A	A	A	A
Ensure Directors Policies are complied with	√	√	√	√	√	√	√	√	√	√	√
Annual Budget Forecast											
Prepare inc costings (new + next 2 yrs)	√	√		A	A	A	A	A	A	A	A
Approves	√		√								
Monitors	√	√									
Submits Budget Forecast to DFE/AO	A	√	O								
Register of Interests							√				
Register of Eligibility to Serve							√				

Responsibility for Budget Monitoring

		Board of Directors		CEO / DoF / DoO / Education Director		Operational Department Head/Administrator / Schools' Finance Support Team / Central Finance Team		Budget Holders
		Frequency		Frequency		Frequency		Frequency
Maintenance of records						O		
Download of Data						O		
Reconciliation of Data						W		
Updates forecasts & resource forecast model				O		T		
Monitoring of budget lines/cost centres				M		M		M
Maintain forecast of year-end position.				O		T		
Prepares formal budget monitoring statement.				M				
Prepares commentary				M		M		
Receives report		T						
Initiates management action*		T		T		T		
Amend Development Plan (if req)				T				
Bank Reconciliation						M		

Table of Responsibility for Policy Review

Function	Directors	Strategic & Finance Committee	Accounting Officer / CEO	DoF / DoO / Education Director	Administrator		Lead Governance Professional
Finance Policy							
Prepare			√	√			√
Approve	√						
Initiate annual review							√
Remission of Fees & Charging Policy							
Initiates Annual review							√
Recommendations			√	√			√
Approve		√					
Lettings Policy							
Initiates Annual review							√
Recommendations			√	√			
Approve		√					
Insurance review							
Initiates Annual review				√			
Recommendations			√	√			
Approve	√						
Directors Expenses							
Initiates Annual review							√
Recommendations			√	√			
Approve	√						
Personnel: annual review of salaries							
Initiates Annual review							√
Recommendations			√	√			

Function	Directors	Strategic & Finance Committee	Accounting Officer / CEO	DoF / DoO / Education Director	Administrator	Head of School	Lead Governance Professional
Approve CEO / DoF / DoO / LGP / Education Directors (*) Directors committee or chair		√ (*)					
Approve – Heads of School and staff working across more than one schools				√			
Approve - Teachers				√			
Approve Support staff				√			
Purchase of Services							
Initiates review				√			
Recommendations		√					
Approve	√						
Appointment of Accountants							
Initiates review							√
Recommendations				√			
Approve	√						
Lettings of School Facilities							
Consider applications for approval					√	√	
Creates / files documentation and ensures compliance with policy					√	√	
Agrees letting fee						√	
Inform DoO of all formal hiring					√		

Spending decisions	Board of Directors	Strategic & Finance Committee	Accounting Officer	DoF / DoO / Head of HR / Education Director	Operational Department Heads	Chair of Directors / of Audit & risk committee	Head of School	Deputy Head of School	Administrator	Lead Governance Professional	Kitchen Manager	Caretaker	OSC Manager	Pre School Manager	Accountant / Central Finance Team		
Authorise appointment of CEO / DoF / DoO	√					√											
Authorise appointment of staff/contracts		√	√	√													
Authorise payroll forms			√	√													
Authorise spending on approved costed items provided in current years budget.*			√	√	√	√	√	√	√	√	√	√	√	√	√		
Subject to limits authorise spending on other items (non routine /not identified in plan)*	√	√	√	√	√	√	√	√	√	√	√		√	√			
Open tenders		√	√	√	√												
Accept tenders			√	√													

Spending decisions	Board of Directors	Strategic & Finance Committee	Accounting Officer	DoF / DoO / Education Director	Operational Department Heads	Chair of Directors / of Audit & risk committee	Head of School	Deputy Head of school	Administrator	Lead Governance Professional	Kitchen Manager	Caretaker	OSC Manager	Pre School Manager	Trust Accountant / Central Finance Team / Schools' Finance Support Team		
Evaluate tenders			A	A	A												
Receive goods			√	√	√		√	√	√	√	√	√	√	√	√		
Verify invoices			√	√	√		√	√	√	√	√	√	√	√	√		
Authorise invoices for payment			√	√	√		√	√	√	√	√		√	√	√		
Cash Account																	
Cash transaction authorisation of payments			√	√			√								√		
Ensure correct attribution of costs				√					√						√		
Authorise Credit Card Payments			√	√		√	√								√		
Income																	
Cash receipting				√					√						√		
Approve write off (*up to £500)				√ (DoF)													
Value Added Tax																	
Prepare VAT submittal report															√		
Submit VAT return to HMRC															√		
Ensure correct VAT codes				√	√				√						√		

Asset protection	Board of Directors	CEO/DoF/DoO	Operational Department Head	Head of School	Deputy Head School	Kitchen Manager	Caretaker	Out of School Club Manager	Administrator	Lead Governance Professional	Education Director	Trust Accountant / Central Finance Team / Schools' Finance Support Team						
Security of Property & assets		√	√	√	√	√	√	√	√	√	√							
Security of Cash			√S	√S	√S				√									
Data protection registration	√	√								√								
Compliance with data protection rules	√	√	√	√	√	√	√	√	√	√	√	√						
Maintain back-up of data			√															
Maintain security of data	√	√	√	√	√	√	√	√	√	√	√	√						
Maintenance of Inventories			√			√		√	√									
Checking and certification		√	√	√					√									
Maintain Fixed Asset Register		√	√									√						

The Directors require that all purchasing decisions are made after adequate market testing or research to ensure efficiency and value for money in the organisations activities.

Purchasing decisions / expenditure must be agreed as shown in the table below.

Amount	Authorisation required from:
Up to £500 - Within a delegated budget	School or central administrator, OSC Manager, Kitchen Manager, Estates / Premises Manager and Caretaker
Between £500 and £2,500 - Within a delegated budget	Head of School or Deputy Head of School
Between £2,500 and £10,000 - Not within delegated budget but prior discussion must have taken place	Education Director, Operational Department Head or Trust Accountant
Between £10,000 and £75,000	Director of Finance or Director of Operations
Between £75,000 and £100,000	Chief Executive Officer
Over £100,000	Strategic & Finance Committee

Quotations and tenders as appropriate are required as shown below. A note of verbal quotes for lower value items should be made and retained. Should it not be possible to obtain the relevant number of quotes, documents must be annotated with an explanation / reason and providing value for money has been assessed the need for one of the quotes per this policy can be waived by the DoF or DoO for orders below £10,000, the CEO for values between £10,000 - £50,000 and the SFC for values above £50,000. This waiver needs to be formally documented, approved by the applicable Director / Committee and stored with the other quote(s) evidencing compliance with our Policy.

Estimated value of goods or services (all threshold exclusive of VAT other than the Public Contracts Regulation level which is inclusive of VAT)	Number of quotes required
£500 - £2500	Evidence of 3 lots of market testing
£2,500 - £10,000	At least 2 written quotations

£10,000 - £100,000	At least 3 written quotations or competitive tender, as determine by the CEO or DoF
£100,000 – Public Contracts Regulation Threshold	At least 3 written quotations or competitive tender, as determined by the SFC
Above the Public Contracts Regulation Threshold (currently £214,000 including VAT - or as adjusted by the UK Regulation – see link)	Full PCR tender - Public procurement policy - GOV.UK