

OWLCOTES MULTI-ACADEMY TRUST

Financial Management Policy



April 2018
Reviewed: February 2024

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About Owlcotes Multi-Academy Trust (OMAT)

OMAT is committed to the development of inclusive schools, sharing a common purpose to provide excellent education and improved outcomes for pupils.

OMAT strives to provide high-quality education for all children within our local communities by inspiring innovation, creativity and aspiration through an enriched curriculum.

OMAT is committed to the principles of co-operation, collaboration and sharing best practice with a strong focus on staff development.

OMAT is also committed to the preservation of the unique identity of all schools within the trust: each school will have a Local Governing Board (LGB) which is involved in decision making at school level, with autonomy to make decisions for its own school in line with the scheme of delegation.

All trustees and any schools joining must agree to share and uphold all of these principles now and in the future.

1. Aims

It is the aim of the OMAT Board of Trustees to ensure that all financial resources made available to the schools are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which OMAT schools and individual members of the school staff and the Board of Trustees and Local Governing Bodies can achieve this. This policy conforms to the requirements of the funding agreement between OMAT and the DfE and to the Academy Trust Handbook.

2. Guidelines

Financial decisions will be made after consideration of:

- The needs of the pupils and staff of the schools;
- The conditions and requirements as laid down in the funding agreement and Academy Trust Handbook;
- The need to support and deliver the National Curriculum together with any additional elements as agreed by the OMAT Board of Trustees;
- The financial resources delegated to the schools; and
- The priorities as identified in the OMAT development plan.

3. Roles and Responsibilities

3.1 The Board of Trustees

The Board of Trustees has a statutory responsibility to oversee the financial management of OMAT and to ensure adherence to the funding agreement with the DfE and Academy Trust Handbook.

The Board of Trustees recognises the importance of clearly defining the roles and responsibilities of its committees, the Local Governing Boards, Headteachers and other staff.

As of June 2021, the Board of Trustees has a responsibility to inform the Regional Schools Commissioner if the CEO/Accounting Officer, or other senior executive leader, plans to leave the Trust (for example, resignation or retirement). The Board of Trustees will discuss the structure of the Trust with the Regional Schools Commissioner, as well as plans for recruitment.

Academy Trust Boards of Trustees have a duty to:

- Safeguard and promote the welfare of children;
- Have regard to any statutory guidance on safeguarding issued by the Secretary of State;
- Ensure the suitability of staff, supply staff, volunteers, contractors and proprietors;
- Have due regard to the Department for Education's 'Health and Safety: responsibilities and duties for schools' and 'Health and Safety Executive (HSE) guidance for education' guidance documents;
- Manage the school estate strategically and maintain their estate in a safe working condition.

3.2 Finance, Resources, Audit and Risk Committee (FRAC)

The Finance Resources Audit and Risk Committee will consist of trustees with experience in financial management who will work to the agreed terms of reference as outlined in FRAC Terms of reference document.

The FRAC will meet at least once a term and will consider:

- Financial monitoring statements for the Trust (OMAT level);
- The consolidated OMAT budget and long-term financial forecast;
- Cash flow forecasts;
- The annual financial statements;
- FMGS;
- Key risks and agreed mitigating actions;
- The auditor's management letter.

The FRAC will report to the Board of Trustees at each Board of Trustees meeting.

3.3 The Accounting Officer

The Board of Trustees appoints the Accounting Officer. At OMAT, the accounting officer is the CEO. The CEO personally responsible to Parliament for assuring the Board of Trustees that there is compliance with the Academy Trust Handbook, the funding agreement and all relevant aspects of company and charity law. This responsibility includes ensuring regularity, probity and value for money in all transactions of OMAT.

3.4 School Local Governing Board (LGB)

Each school's Local Governing Board (LGB) will have responsibility to ensure that OMAT finance policies are implemented at the school level. They will meet at least three times per academic year to consider:

- Financial monitoring statements for the school;
- School's budget and long-term forecast.

The minutes of school LGB meetings will be reviewed by the Board of Trustees at each Trust Board meeting.

3.5 The Headteachers

Owlcotes Multi-Academy Trust School Headteachers are responsible for:

- The detailed preparation of an annual school budget which addresses the strategic aims and targets established both at OMAT and the school level;
- The day-to-day management of the school budget under the Scheme of Delegation and approved by the Board of Trustees; and
- Ensuring the effective operation of the administrative functions impacting on the finance within the school, which includes:
 - i. Ensuring the roles of each staff member are clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
 - ii. Ensuring adherence to the funding agreement and Academy Trust Handbook;
 - iii. The establishment of systems to ensure that financial control is maintained at all times, in line with OMAT policy, including procedures in the absence of key staff;
 - iv. The maintenance of appropriate documentation and transactional records.

3.6 OMAT Central Finance

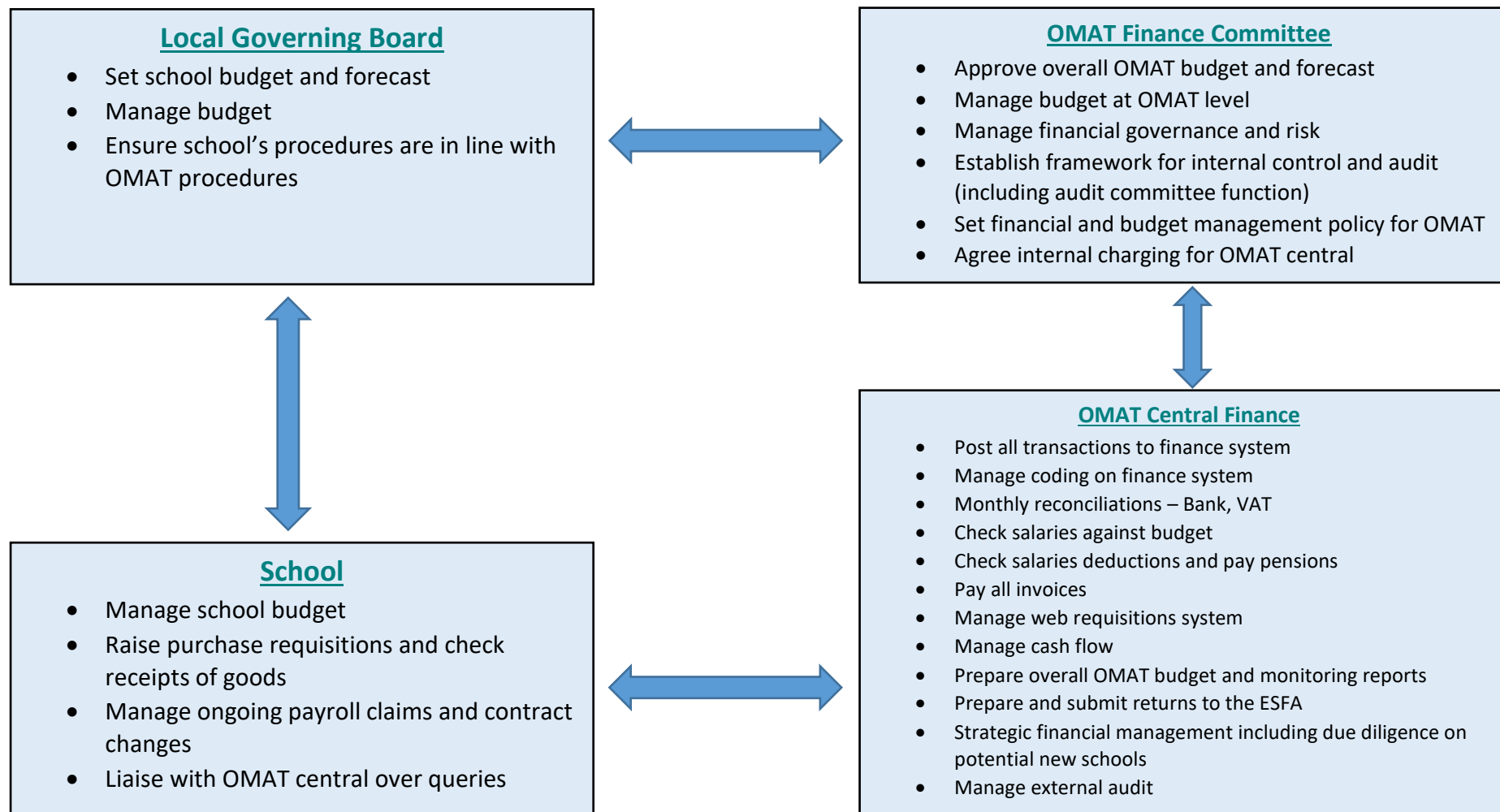
The OMAT Central Finance Team will have responsibility for the day to day running of the computerised finance system. In addition, the central finance team will have responsibility for:

- The preparation of the OMAT level annual budget and longer-term spending plans (consolidating information from each of the schools);
- The maintenance of computerised records of income and expenditure in line with the Academies Accounts Direction and Charities Statement of Recommended Practice (SORP);
- The checking and reconciliation of the school's financial records including reconciliations for bank, purchase ledger and sales ledger when appropriate;
- The undertaking of monitoring procedures and the production of regular monitoring statements for the OMAT senior management team and the FRAC.

The respective roles of school and OMAT are summarised in appendix 1.

Appendix 1: Respective Roles of OMAT and Individual Schools

OMAT Finance – Key Responsibilities



4. Pecuniary and Other Business Interests

Trustees, Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school. Owlcotes Multi-Academy Trust Conflict of Interest Policy provides more guidance on this matter.

The Register of Business Interests will be:

- Annually reviewed;
- Maintained for any in-year changes as notified; and
- Made available for inspection by Trustees, Governors, staff, parents and the Local Authority.

The information in the register is taken into account whenever buying or staffing decisions are made. Any trustee, governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any trustee, governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

The minutes of the Trustee and Governor meetings, where buying decisions can be influenced, will record any interests as a standing agenda item.

4.1 Trading with Connected Parties

OMAT will pay no more than cost for goods and services provided to it by any member/ trustee of the Trust or any company, individual or organisation connected to a member/ trustee. Any related party transactions must be declared to the ESFA prior to a transaction taking place and ESFA approval will be sought for any connected party transaction over £20,000.

4.2 Novel/Contentious Transactions

Any transaction which is outside the range of normal business activity or may be viewed as contentious will be referred to the ESFA for prior authorisation. Details of transactions which are novel or contentious are included in the Academy Trust Handbook.

4.3 Staff Provisions Policy

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/ coffee, biscuits, soft drinks or sandwiches etc. at the Headteacher's discretion. Modest hospitality is occasionally provided outside the workplace. Each School Administrator maintains a register of the occasions when hospitality is provided, the number of people involved and the costs incurred.

5. Managing the Budget

5.1 Aims and Objectives

The LGBs/ FRAC together with the Headteacher will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the School Development Plan. In addition to the educational priorities for OMAT, this will take account of the building and repair maintenance programme and repair and renewals programmes for furniture, fittings and equipment.

Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals within the School Development Plan. It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

5.2 Budget Timetable

The Headteachers will prepare financial information for consideration by their Local Governing Bodies and submit it to the FRAC for consolidation and agreement across OMAT: In future years the following dates / schedules will operate.

Date	Action / Response
End of March	S251 budget resource allocation for the next financial year available from the ESFA
Spring term	Prepare issues to be <u>addressed</u> in preparation for setting of the following year's budget
May	Headteachers prepare school budgets and agree with LGB for submission to OMAT
June	OMAT level budget prepared including discussion where appropriate with individual schools
June	ESFA produces format for annual budget forecast
July	OMAT Budget agreed by FRAC and submission made to ESFA for the one-year budget
August	Year end
December	Financial statements sent to ESFA
January	Financial statements for previous year on website
May	Financial statements submitted to Companies House

The Local Governing Boards will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from OMAT board of trustees.

Budget monitoring reports will be considered by the FRAC and individual LGBs at least once a term with a brief report to the OMAT Board. The schools, in conjunction with OMAT, will seek to achieve efficiencies and value for money to optimise the use of financial resources and to invest in teaching and learning.

5.3 Financial Benchmarking

The Headteacher will prepare for consideration by the LGBs/FRAC financial benchmarking comparisons on an annual basis each Autumn Term. The benchmarking data will be extracted for similar schools from the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

5.4 Review of Contracts for Services

The FRAC will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed. To assist in this process the Headteacher or their representative will prepare a schedule of service contracts to include values and renewal dates in order that priorities for review can be determined. Where possible, a review of contracts for similar services will take place at the OMAT level to establish whether any economies of scale can be made by a central OMAT contract. After each review the FRAC will make recommendations to the Board of Trustees.

After each review the FRAC will make recommendations to the Board of Trustees the central OMAT contact after each review and the FRAC will make recommendations to the Board of Trustees

5.5 Standards of Financial Management

The Board of Trustees will have regard to any Standards of Financial Management endorsed by the DfE to self-evaluate the quality of financial management processes and to aid in training staff to become better financial managers.

5.6 Level of Balances

The OMAT FRAC will annually review the balances situation of the schools and make recommendations to the Board of Trustees. In making its recommendations, the FRAC will indicate an optimum level of balances, which has regard to the specific issues facing the schools whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

5.7 Virement Procedures

Requests by the Headteacher for the virement of funds outside the scope of the Scheme of Delegation to the Headteacher will be considered by the FRAC Committee and be subject to their minuted approval.

5.8 Quality of Information

Trustees and Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

5.9 Extended Activities

The Local Governing Boards will discuss, decide and agree with FRAC their intention to use school budget funding to support the provision of extended school activities.

The following extended school activities are provided by the schools:

- Before and after school clubs
- Nursery Wrap around (additional Sessions)
- Holiday Clubs

5.10 Capital Expenditure and Fixed Assets

The LGBs will give consideration to the use of the devolved capital allocations available to their school in the light of the priorities identified in the School Development Plan and then make recommendations to the FRAC.

All fixed assets over £1000 will be capitalised and depreciated in line with the fixed assets policy.

5.11 Documentation and Retention of Records

All financial systems and procedures carried out will be in accordance with the terms of the funding agreement, the Academy Trust Handbook, the, Scheme of Delegation and the OMAT Finance Procedures. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the legal requirements.

5.12 Purchasing

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of public sector negotiated procurement framework agreements.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved and where a single purchase of more than £10,000 is involved, quotations will be sought from at least 3 suppliers, unless the supplier is part of a recognised procurement framework. Where a single purchase is over £25,000 up to £50,000, OMAT Finance, Risk and Audit Committee (FRAC) must be consulted.

All Orders (Services and Capital)	Process
£100,001 to official UK tendering limit	3 formal written tenders (via CFO).
Between £10,000 and £100,000	Minimum of 3 written quotes in response to a specification issued by the Trust if possible.
Between £3,000 and £9,999	Recommended best practice to obtain at least 3 quotes. Comparative prices must be sought.
Less than £2,999	No formal quotes required, but comparative prices should be sought.

For orders in excess of £10,000, evidence of quotes obtained should be retained and decisions on preferred provider recorded on the agreed form.

An explanation should also be included where quotes haven't been sought and/or a single supplier has been approached.

Exceptions to this procedure are detailed in section 6.

For purchases or capital expenditure over £50,000 a detailed specification giving precise details about the goods or services required must be completed. This must be authorised by the OMAT board.

Invitations to tender must be sent out to at least 3 suppliers and should include:

- An introduction/ background to the project
- The scope and objectives of the project
- Any technical requirements
- Implementation details for the project
- The terms and conditions of the tender
- The form and date of response to OMAT

Where appropriate, a European or British Standard or other quality guideline is sought.

Reference is made to safety standards and fire and health and safety regulations.

- All replies should be addressed to the OMAT Central Finance Office in a plain or sealed envelope marked 'tender'
- No supplier is allowed to amend their tender after the fixed date for receipt
- All tenders are opened at the same time by staff authorised to do so. Two persons should be present for the opening of tenders. The following information is required:
 - i. Date and time of opening
 - ii. Names and signatures of those present
 - iii. Value of each tender
 - iv. Details of suppliers who declined the invitation or failed to submit a tender
 - v. Any omissions in the submission
- Late tenders are rejected and remain unopened. After the contract is awarded, they are returned to the tenderer with an explanatory note
- The FRAC make the decision as to which tender to accept.
- The reasons for accepting a particular tender are in accordance with OMAT's value for money approach.
- The following are taken into consideration when deciding which tender to accept:
 - i. Qualifications, technical ability and experience
 - ii. Pre-sales demonstrations
 - iii. After sales service
 - iv. Quality procedures
 - v. References from existing customers
 - vi. Financial status
 - vii. Professional indemnity insurance
 - viii. Overall price
 - ix. Unit price for parts of the product or service
 - x. The possibility of 'hidden costs'
 - xi. Scope for negotiation

For an OJEU tendering process it is compulsory to also include a statement of the contract evaluation criteria and weightings which will be used to select the winning tender.

The OMAT Board requires that staff will follow official ordering procedures at all times and the Sage Web Portal for purchase requisition will be used to generate orders. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the school's computerised financial system. Orders made on-line should be followed by an official order.

5.13 Purchasing Cards

OMAT is using charge cards provided by Lloyd's bank. These are automatically cleared on a monthly basis to avoid any debt. Cards must only be used to procure goods and services on behalf of the school and should be used only for items that cannot be purchased via the ordinary order and invoice process with a registered supplier. Any purchases must be delivered to the relevant school address. Purchase cards must not be used to obtain cash or for personal transactions.

There is a limit of £300 in a single transaction for all schools in the trust. Schools with a 'Children's Centre' facility will have access to an additional purchase card account with a limit of £600 per transaction. Any purchases over £300 (or £600 in the case of the 'Children's Centre' account) must be authorised by the budget holder using the web-based purchase requisition system. All purchase card orders must be supported by the relevant receipts.

Schools in OMAT will be subject to limit on their purchasing cards related to pupil numbers.

- Schools with pupil numbers up to 250 FTE (typically one form of entry): £3,000
- Schools with pupil numbers up to 500 FTE (typically two forms of entry): £5,000
- 'Children Centre' card limits (linked to purchasing complexities): £8,000

Subject to bank approval OMAT will have a limit of £30,000 on the purchase cards across the trust. This may need to be increased should additional schools join the trust.

5.14 Procedures and Security

The school will make use of a computerised financial monitoring package. Data will be input on a regular basis including financial commitments made by the school. Information will be reconciled to the school bank statements every month.

Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable.

Security passwords will be maintained on the computer and documentation will be kept in a secure location.

Regular backups will be made of the information held on the computer.

The ESFA emphasises to Academy Trusts the importance of being aware of the risk of cybercrime and the responsibility to put place proportionate controls and take appropriate action where a cyber-security incident has occurred.

Academy Trusts have a responsibility to obtain permission from the ESFA to pay any cyber-attack ransom demands.

5.15 Security of Stocks and Equipment

An inventory of stock and equipment in each school will be maintained and reviewed annually.

The OMAT Board will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets (see Insurance section below).

A register will also be maintained of equipment removed from schools for use off-site and when it was returned.

The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment. Where disposing of freehold land or buildings, or heritage assets (as defined in the Academy Trust Handbook) ESFA approval will be sought prior to the disposal.

When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

5.16 Insurance

Insurance has been obtained through Zurich Insurance. The cover provided will be reviewed annually to ensure it meets the insurance needs for OMAT. The LGBs will consider the purchase of additional voluntary insurance such as staff absence insurance or vehicle insurance.

5.17 Income

The OMAT Board will implement a charging and remissions policy for school activities and extended school activities which will be made publicly available on the OMAT and school websites. Steps will be taken to ensure the early collection of income due and receipts issued and records will be kept.

The schools will operate an online income collection system.

The writing off of debts will be undertaken in line with the Academy Trust Handbook:

- For debts up to £250 in value, the school will seek the approval of the Governing Body;
- For debts over £500, the approval of the OMAT board (FRAC) must be sought
- Where a debt is greater than 1% of total income, (or £45,000, whichever is lower) prior approval from the ESFA is required.

OMAT may develop and sell products including, for example, training programmes and materials and consultancy support to individual schools.

Processes will be put in place to ensure all sales are identified and invoiced in a timely manner. All income will be entered centrally on the computerised financial system to the correct budget headings.

5.18 VAT Returns

VAT 126 returns will be made promptly and accurately (at least annually) using the computerised financial system. VAT requirements will be reviewed on an ongoing basis to monitor the need to register for VAT.

5.19 Staffing

The OMAT board (FRAC) will be responsible for the Pay Policy across OMAT. The FRAC will seek, over time, to synchronise the policies of all member schools, having regard to TUPE requirements. The LGBs

will consider appointments, terminations, promotions and performance management as necessary with the exception of Headteacher appointments, which will be ratified by the OMAT Board.

5.20 Computer Systems

OMAT will maintain approved software for the administration of financial records.

The schools have been registered in accordance with the Data Protection Act 1998. All data handling procedures undertaken by the schools are in accordance with recommended practices for data security and information governance.

5.21 Internal Control and Risk Management Framework

OMAT FRAC will implement a cross-MAT internal control framework that recognises public expectations about governance, standards and openness.

The internal control framework will include:

- Co-ordinating the planning and budgeting processes;
- Applying discipline in financial management including managing banking and cash flow, with appropriate segregation of duties;
- Preparation of monthly budget monitoring reports;
- Ensuring that delegated financial authorities are respected;
- Effective planning and oversight of any capital projects;
- The management and oversight of assets;
- The propriety and regularity of financial transactions;
- Reducing the risk of fraud and theft;
- Ensuring efficiency and value for money in OMAT's activities;
- A process for independent checking of financial controls, systems, transactions and risks.

Risks will be managed in accordance with the OMAT Risk Management Policy. A process will be in place to check financial systems, controls, transactions and risks. This process will be overseen by FRAC as part of their 'audit committee' responsibilities and will include the appointment of an internal audit service.

5.22 Counter Fraud Arrangements

OMAT will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The OMAT Board will ensure that it has adopted a whistle-blowing policy and, along with the Headteacher, must inform all staff of all school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction of new school staff, Governors and Trustees.

5.23 Audit

OMAT will be subject to an annual external audit and a regularity and propriety audit. Financial statements will be prepared in accordance with the Academies Accounts Direction relevant to the accounting year.

The ESFA recommend that Academy Trusts should retender their external audit contract at least every five years, with consideration of the following points during the evaluation of contracts:

- Review the external auditor's plan each year;
- Review the annual report and accounts;
- Review the auditor's findings and actions taken by the Trust's managers in response to those findings;
- Assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's members about the auditor's reappointment or dismissal or retendering.

Considerations may include:

- i. The auditor's sector expertise;
 - ii. Their understanding of the Trust and its activities;
 - iii. Whether the audit process allows issues to be raised on a timely basis at the appropriate level;
 - iv. The quality of auditor comments and recommendations in relation to key areas;
 - v. The personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers;
 - vi. The auditor's use of technology.
- Produce an annual report of the committee's conclusions to advise the Board of Trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

6. Exceptions to this Policy

On very rare occasions it may be necessary to procure without following this policy in full.

Potential reasons for an exceptional procurement are:

- In an emergency to resolve a safeguarding issue whereby a proper procurement process would lead to an unacceptable delay;
- Where it can be demonstrated that only a single supplier of the goods or services can be found;
- Where no suitable suppliers have come forward through the procurement/tender process, it may be acceptable to negotiate a contract with a suitable alternative supplier.

**This Financial Management Policy was adopted by Owlcotes Multi Academy Trust on
25/04/2018**

Chair of Trustees: Mrs Judith Norfolk		
Signature:		Judith Norfolk:
Frequency of review:	2 years	
To be reviewed by:	FRAC	
To be approved by:	OMAT Full Board	
Date of next review:	February 2026	

REVIEW RECORD

Date of review	Reason for review	Date of next review
29/06/2021	Changes made in accordance with Academy Trust Handbook.	June 2023
Name :		Signature:

on behalf of OMAT Full Board

Date of review	Reason for review	Date of next review
12/10/2023	Changes to purchase card limits.	October 2025
Name :		Signature:

on behalf of OMAT Full Board

Date of review	Reason for review	Date of next review
08/02/2024	Amendments to section 5.12 and addition of section 6.	February 2026
Name :		Signature:

on behalf of OMAT Full Board