



Inspire Multi Academy Trust **Finance Handbook**

Farringdon Academy, New Penshaw Academy, Plains Farm Academy,
Fatfield Academy, Burnside Academy

Autumn Term 2025

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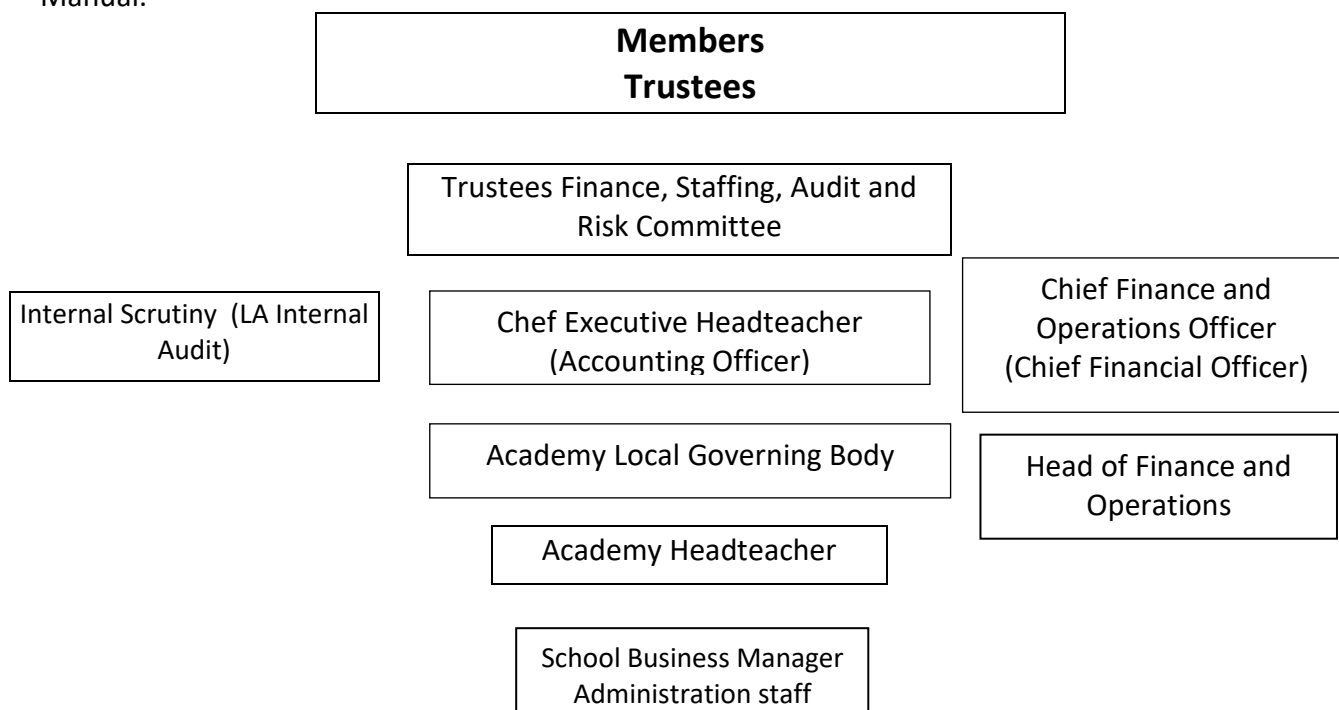
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1. Introduction

- 101 The purpose of this handbook is to ensure that Inspire Multi Academy Trust (hereafter known as the Trust) maintains effective systems of financial management, control and reporting. It is aimed at Finance Staff in each Academy, but should be available to all staff with budgets, income or expenditure responsibilities.
- 102 This manual provides information about the Trust financial and accounting procedures as well as governance and should be read by all staff working with the financial systems. Detailed operational procedures will sit outside this handbook.
- 103 Training sessions will be held periodically to ensure that all staff involved with financial systems and controls are familiar with the Handbook and procedures and can operate the systems and procedures properly.
- 104 Please also read this manual in conjunction with the Inspire Multi Academy Trust's Financial Regulations Manual and Scheme of Delegation.
- 105 All queries should be referred to the Trust Chief Finance and Operations Officer.

2. Organisation Structure

The financial reporting structure is illustrated below and is followed by a short introduction to the role of each body. The main responsibilities of each are outlined in the Financial Regulations Manual.



The Trust Board

Members

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The members of an academy trust have a different status from the trustees. The members are the subscribers to the trust's memorandum of association, may amend the articles of association, have an overview of the governance arrangements of the trust and have the power to appoint and remove members or trustees and may by special resolution issue direction to the trustees to take specific action. Members appoint the trust's auditors and receive the trust's audited annual accounts. Employees must not be Members. Members provide oversight and challenge.

202 Trustees

The Trust Board is the official term for the Board of Trustees. The Board of Trustees are representatives of Academy Local Governing Bodies, Academy staff, members of the local community, and parents. The academy trust board provides:

- Strategic leadership of the academy trust: the board defines the trust vision for high quality and inclusive education in line with its charitable objects. It establishes and fosters the trust's culture and sets and champions the trust strategy including determining what, if any, governance functions are delegated to the local tier
- Accountability and assurance: the board has robust effective oversight of the operations and performance of the academy trust, including the provision of education, pupil welfare, overseeing and ensuring appropriate use of funding and effective financial performance and keeping their estate safe and well-maintained
- Regularity and propriety in the use of the trust's funds and achieve economy, efficiency and effectiveness – the three elements of value for money. Trustees must also take ownership of the trust's financial sustainability and its ability to operate as a going concern
- Engagement: the board has strategic oversight of relationships with stakeholders. The board involves parents, schools and communities so that decision-making is supported by meaningful engagement.

The Board of Trustees must meet at least three times per annum and are responsible for the financial performance of the organisation, making sure its money is well spent ensuring regularity, propriety and compliance with the trusts charitable objects and must adhere to the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The trustees must apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management.

The Trustees Finance, Staffing, Audit and Risk Committee

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The Trust Finance, Staffing, Audit and Risk Committee is a committee of the Board of Trustees. The committee must meet at least three times per annum. The main responsibilities of the committee is to ensure the financial stability of the trust providing

financial oversight to advise Trustees on the adequacy and effectiveness of the Trust systems of internal control, arrangements for risk management, direct a programme of internal scrutiny, control and governance processes securing economic, efficiency and effectiveness ensuring value for money, as outlined in the Inspire Financial Regulations Manual and Trust Scheme of Delegation approved by the Trustees.

Chief Executive Headteacher (CEH) – Accounting Officer (AO)

204 The funding agreement identifies the CEH as the Accounting Officer for the Trust who is personally responsible to Parliament and to the Department of Education (DfE) ensuring high standards of probity in the management of public funds particularly:

- **Value for Money** – achieving the best possible outcomes through economic, efficient and effective use of resources.
- **Regularity** - dealing with all areas of items of income and expenditure in accordance with legislation
- **Propriety** – ensuring expenditure and receipts are dealt with in accordance with Parliament’s intentions covering standards of conduct, behaviour and corporate governance.

The Accounting officer must adhere to the 7 principles of public life and must have oversight of financial transactions, by:

- ensuring the academy trust’s property and assets are under the trustees’ control and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts
- completing a statement on regularity, propriety and compliance each year
- demonstrating how the trust has secured value for money in the governance statement in the annual audited accounts
- advising the Trust board in writing if considering any action that is incompatible or conflicts with the Trust Articles of Association, Funding Agreement or ATH.

Chief Finance and Operations Officer - Chief Financial Officer

205 The Trust has appointed the Chief Finance and Operations Officer as the Chief Financial Officer (CFO) for the Trust. The key responsibility for the CFO is for the trust’s detailed financial procedures.

The CFO supports the CEH, Members, Trustees, Local Governor Bodies and Headteachers in both a technical and leadership role securing best value across the Trust.

Head of Finance and Operations

206 The Head of Finance and Operations supports the CEH and CFO to oversee the Trust’s financial affairs and governance arrangements, supporting the Academy Headteacher and SBM in the setting and monitoring of annual Academy budgets, working with internal and

external auditors to make certain Trust Policies and procedures are applied consistently and effectively to ensure Trust objectives can be achieved.

207 **The Internal Scrutiny/Internal Audit Service**

The Trustees oversee and approve the trust programme of the internal scrutiny to provide independent assurance to the board that its financial and non-financial controls, and risk management procedure are operating effectively. Internal scrutiny focuses on:

- evaluating the suitability of and level of compliance with, financial and non-financial controls
- offer advice and insight to the board on how to address weaknesses in the financial and non-financial controls
- ensuring the categories of risk are being adequately identified, reported and managed
- report findings to the committee and produce an internal scrutiny summary report to be submitted with the annual Trustee Report and audited accounts.

208 The Internal Audit Service will undertake an agreed programme of work to ensure that financial transactions have been properly processed, and that controls are operating as laid down by the Trustees. A report of the findings from each visit will be presented to the Finance, Staffing, Audit and Risk Committee and reported to the full Board of Trustees. The presumption is that the Trust will implement any recommendations made by the Internal Audit Service unless it can demonstrate that to do so would not be appropriate. The CFO will be given an opportunity to see and challenge the report before it is given to the Trustees.

The Local Governing Body

209 The Local Governing Body (LGB) is the official term for the Board of Academy Governors. It is made up of representatives of the Academy staff, members of the local community, and parents. The LGB must meet at least three times per annum. The LGB's responsibilities cover the full range of the Academy activities.

The Academy Headteacher

210 Within the framework of the Trust Scheme of Delegation and development plans as approved by the Trustees, the Academy Headteacher has overall responsibility for their own academy's activities including financial activities. Financial responsibility can be delegated to the School Business Manager in each academy as determined by that academy's LGB. The Academy Headteacher is responsible to the LGB for ensuring:

- regularity and propriety
- prudent economical administration
- avoidance of waste and extravagance
- ensure compliance with Trust policies which are in line with the Academy Trust Handbook (ATH)
- efficient and effective use of available resources and

- the day to day organisation, staffing and management of the academy.

The School Business Manager

211 The School Business Manager (SBM) works closely with the CFO, Head of Finance and Operations and Academy Headteacher through whom he or she is responsible to the LGB. The SBM also reports directly to the Trustees via the Finance, Staffing, Audit and Risk Committee. The main responsibilities of the SBM are:

- Day to day management of financial matters including the operation of bank accounts, reconciliation and banking of all academy income, petty cash, monitoring of the budget, accounting systems and asset register;
- Management of the Academy's financial resources at a strategic and operational level within the framework of financial controls determined by the Trustees;
- Maintenance of effective systems of internal control;
- Ensuring that all paperwork including books and records are properly maintained and presented to support the production of DfE returns, audits and annual accounts;
- Monthly reconciliations of bank accounts to financial accounts and reports, undertaking transfers between budget headings with appropriate authorisations and investigating any overspends of budgets codes;
- Authorising the purchases of goods and services up to a value of £5,000 in conjunction with the Headteacher and CFO; in line with trust terms of reference.
- Signing cheques, authorising electronic payments in conjunction with other authorised signatories;
- Organising the disposal of assets with the appropriate authorisation, maintaining registers accordingly and maintaining the principles of value for money;
- Ensuring that all financial and administrative returns are made within the timeframe requested;
- Ensuring that the necessary information for other statutory returns are provided promptly to the appropriate authorities;
- Undertake necessary training of administration support staff.

Other Staff

212 All staff members are responsible for the security of Trust property, for avoiding waste, loss or damage, for ensuring economical and efficient use of resources and for compliance with Trust financial procedures.

Register of Interests

213 To avoid misunderstandings, Trustees, governors and staff must declare their financial interests in entities from whom the Academy might purchase goods or services. No-one involved in spending public money may benefit personally from the decisions they make. Trusts must report all transactions with related parties to DfE in advance of the transaction taking place using the online form. See the ATH 2024 section 5.35-5.43 for further details.

- 214 An electronic register of interests is maintained to ensure that all decision-making bodies are aware of any potential conflicts of interest when awarding contracts or making other financial decisions. All members of the Board of Trustees, governing bodies and staff need to complete a pecuniary interest form on appointment. The forms are updated annually and the information is published on the trust Website. Forms are available by contacting main school office.
- 215 The register should include business interests such as Trusteeships, shareholdings or other appointments of influence within any business or organisation which might have dealings with the Academy. Business interests of relatives such as a parent, spouse or child should also be disclosed where influence could be exerted over a governor or employee by that person.
- 216 The existence of the register does not affect the duty of Trustees, governors and staff to declare interests whenever they are relevant to matters being discussed by the Trustees, LGB, a committee or any other working group within the Academy. Where an interest has been declared, the individual(s) concerned should not attend that part of any committee or other meeting.

Gifts and Hospitality

- 217 Acceptance of gifts, hospitality, prizes or any other benefit received by Trustees, governors and staff should be declared and recorded in line with the Trust Gifts and Hospitality Policy. This minimises the risk of staff and governors being compromised by expectations of reciprocal benefits.
- 218 The Headteacher or SBM should be consulted before any such gifts or hospitality are accepted.
- 219 When making gifts the Academy must ensure that the value of the gift is reasonable, must avoid expenditure on excessive gifts and no alcohol may be purchased, have due regard to propriety and regularity in the use of public funds, is within the Trust scheme of delegation and the decision is fully documented ie: form completed, authorised and recorded on the electronic register.

3 Financial Planning

- 301 The Academy must prepare three-year financial plans.
- 302 The financial plans are prepared as part of the development planning process. The Trust and Academy improvement plans indicate how the Trust educational and other objectives are going to be achieved within the expected level of resources which will include estimated financial costs involved.

- 303 Financial plans must be monitored to ensure the Trust remains a going concern and is financially sustainable.
- 304 The improvement 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. The Academy must submit a budget forecast return (BFR) each July before the start of the financial year. The DfE must be notified if deadlines are not going to be achieved.
- 305 Trustees have agreed a policy for the holding of reserves and explain in the annual Trustee report the plan for the management of the reserves.

Improvement Plan

- 306 The Improvement Plan is concerned with the aims and objectives of the Academy and how they are to be achieved. This includes matching objectives and targets to the available human and financial resources. Plans should be kept relatively simple and flexible. They provide the broad framework within which more detailed plans may be made.
- 307 The Improvement Plan will include detailed objectives for the coming academic year. It should also include cost estimates, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

Budget Setting Process

- 308 The Board of Trustees must approve balanced budgets and **minute its approval**. Budgets must be compiled accurately based on realistic assumptions as **Trustees can challenge pupil number estimates**. Unspent funds from previous years can be brought forward if necessary. Trustees must notify the DfE within 14 days of their meeting if proposing to set deficit budgets.
- 309 The Academy Headteacher and SBM will work with the CEO, CFO and Head of Finance and Operations to prepare the annual budget to 31 August, **along with a longer-term review of the three-year financial plans**. The budget must then be approved by the Finance, Staffing, Audit and Risk Committee and the Board of Trustees. The responsibility for setting the priorities for funding, budget-setting and general financial planning lies with the Academy. All significant risks that may impact on the financial viability of the Academy will need to have been recorded, and the financial impact considered and mitigated where possible. A detailed commentary will need to be provided with any budget submission. The DfE encourage Academies to use **an integrated approach to curriculum and financial planning** so that they are confident about planning the best curriculum for their pupils and delivering the trust's educational priorities with the funding available.
- 310 Approved annual and three-year budgets must be submitted to the DfE in the summer term and sufficient time for all approvals should be allowed to permit timely submission.

- 311 The annual budget will estimate the resources available to each Academy for the next year and will show how these are to be used. The Improvement Plan objectives should be clearly linked to the budget.
- 312 The budgetary planning process shall incorporate the following elements:
- Forecasts of pupil numbers and characteristics to estimate the DfE grants receivable;
 - Review of other income sources to assess likely level of receipts;
 - Review of past performance against budgets to promote an understanding of the cost base;
 - Levels of grant to be used by the Academy;
 - Identification of potential efficiency savings;
 - Review of the main expenditure headings in light of the Improvement Plan objectives and expected cost variations e.g. pay increases and inflation.
- 313 It is important that any new projects proposed are robustly challenged and costed to ensure that they are the most appropriate course of action and represent value for money.

Balancing the Budget

- 314 Comparison of estimated income and expenditure will identify any potential surplus or shortfall. If shortfalls are identified, opportunities to increase income should be explored and expenditure categories reviewed for areas where savings can be made. This may require projects to be deferred until funding is available. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need which will be determined by the Trustees.

Communicating the Budget

- 315 Once the draft budget has been prepared and approved by the Trustees. The budget should be communicated to the LGB and all relevant staff so that everyone is aware of overall constraints and their particular responsibilities.
- 316 The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Risk Management and Business Continuity Planning

- 317 The Trust must manage risks to ensure effective operation and must maintain a risk register. An essential part of financial planning is the consideration of risks to the Academy. Risk management covers the full operations and activities of the trust, not only financial risks as mitigation of non-financial risks can still have financial consequences eg: the risk of cybercrime. The Trust understands that it should take appropriate action to meet DfE's Cyber Security Standards and Digital and Technology Standards by 2030.

318 Overall responsibility for risk management and oversight of the risk register is retained by the board of trustees drawing on advice provided to it by the audit and risk committee. In collaboration with Trustees, CEH and Academy Headteachers maintain a detailed risk register for each Academy and the Trust. The registers will be reviewed by the board annually and updated regularly. The Trust management of risks must include contingency and business continuity planning.

Arrears

319 The SBM will ensure that all arrears including dinner money, lettings, after school clubs etc., are reviewed at the end of each month and all outstanding arrears are dealt with in line with the Trust Arrears Policy. The SBM will ensure that all arrears are followed up and then monitored. Arrears should not be written off until approval by the CFO. The arrears process should be administered by office staff and overseen by the SBM. The SBM will also ensure that the end of month dinner money, breakfast and after school club arrears spreadsheet is updated and actions taken to recover the arrears annotated onto the report. The spreadsheet is sent to the CFO on a monthly basis for review.

Debt Write-offs

320 Where a debt is incurred, the academy **must** follow the procedures outlined in the Trust Arrears Policy **before** any debt write-off is approved.

Debt write-off may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge
- The likely expense of legal actions exceeds the likely recovery
- The debtor cannot be traced
- The debtor is unable to pay.

321 Any debt referred to the LA via the raising of a sales order must not be removed from Academy records until agreement received from CFO.

322 Any debt write-off must be discussed in the first instance with the Academy Headteacher and approved by the CFO.

323 The Academy must not write off any debts of over £5000 or above any values specified in the DfE ATH without prior written consent of the Secretary of State.

324 Any loss arising from suspected fraud or suspected theft must be reported to the Headteacher and CFO and DfE.

Monitoring and Review

325 Monthly financial management reports will be prepared by the Head of Finance and Operations.

The report will show:

- Actual income and expenditure against annual planned budget
- Any potential over/under spends

The report will be reviewed by Academy Headteachers and SBMs who will provide a brief narrative with explanation(s) of any variations from budget; update on future premises projects, work in progress and any premises maintenance issues.

Management reports will then be emailed to Trustees for monthly review and challenge.

- 326 If an overspend is forecast in a budget or budget heading, it may be appropriate, with approval, to transfer funds.
- 327 Termly financial reports will be presented to the Trustee Finance, Staffing, Audit and Risk committee.

Census Returns

- 328 The Academy must make regular returns each year to the DfE on pupil data which inform various areas of funding for the Academy each year. The October census return will inform the General Annual Grant (GAG) calculation for the following year therefore it is vital that the census is as accurate as possible. Key concerns include:
- Pupil Numbers – the key driver for funding
 - Free school meals – these are funded through GAG, and therefore the percentage eligible for FSM should not be understated
 - Pupils accessing 30-hour free childcare
 - SEND – lower levels of SEND funding come through the GAG, it is therefore vital that figures on children with Statements, Educational Healthcare Plans or support plans are not understated.

4 Accounting System

- 401 All the financial transactions of the academy must be recorded on the SAP financial management system. The system is operated by the school office.
- 402 It is the responsibility of finance/administration staff to ensure the following are carried out on a timely and accurate basis to ensure deadlines are met:
- requisitions are posted before goods are ordered to avoid retrospective orders
 - invoice postings to the finance system are done to ensure that all undisputed invoices are paid within 30 days
 - submissions to payroll to ensure payments to personnel.

System Access

- 403 Entry to the SAP system is password restricted and users are automatically prompted to update their password on a regular basis.

Back-up Procedures

- 404 The Finance Team at Together for Children (TfC), Sunderland City Council (SCC) is responsible for ensuring that there is effective back up procedures for the accounts system.
- 405 SBM is responsible for ensuring a hard copy of the nominal ledger and audit trail should be printed and filed each month ie: income expenditure, SAP budget and reports.

Transaction Processing

- 406 All entries in the accounting system must be properly authorised. The procedures for running the payroll, the purchase ledger and the sales ledger are included in the SAP manual. Journal entries must be documented on a journal form and authorised by the Headteacher before entry into the accounting system. Bank transactions should be reconciled to the accounting system on a monthly basis, checked and signed by the SBM and authorised by the Headteacher in line with trust terms of reference.
- 407 Detailed information on the operation of the SAP financial management system can be found in the user manual held in the School Office or by contacting the finance team at TfC.

Transaction Reports

- 408 The SBM will obtain and review system reports to ensure that transactions are posted to the accounting system. The reports obtained and reviewed will include:
- Monthly audit trail reports ie: bank transactions; cash analysis
 - Reports for payroll, purchase ledger and sales ledger;
 - Management accounts summarising expenditure and income; including debt recovery income

Reconciliations

- 409 The SBM is responsible for ensuring the following monthly reconciliations are performed and any queries are investigated
- Purchase ledger
 - Payroll
 - Petty cash
 - Suspense accounts

- Bank account

410 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO.

5 Staffing and Payroll

501 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration; and
- Payments.

Staff Appointments

502 The Trustees approve a staffing structure for the Academy. Additions can only be made to this structure with the express approval in the first instance of the CEH and Trustee Finance, Staffing Audit and Risk Committee in line with the Trust Scheme of Delegation who must ensure that adequate budgetary provision exists for the increase. Changes to the structure which do not increase the overall budget can be approved by the Headteacher.

503 The Headteacher has authority to appoint staff within the approved structure except for Leadership whose appointments are made in consultation with the Trustees and LGB. The Academy maintains full personnel files for all members of staff. All personnel changes must be notified in writing to the School Office.

Payroll Administration

504 All staff members are paid monthly, by the 21st of each month.

505 The Trust payroll is currently administered by SCC Payroll Section.

506 A master record is held by SCC Payroll and the Trust for each employee recording:

- Salary, including pay scale and spine point;
- Part-time hours, including term-time only calculations;
- Bank account details;
- Taxation status;
- Personal details; and
- Any deductions or allowances payable.

507 New master records are created on instruction from the Headteacher. Any changes to the employee information must be confirmed **with the employee in person before any change to the master record is made**. Any changes will be reported to payroll by SBM and must be authorised by the Headteacher.

508 Changes to contracts and terms of employment can only be advised to the Payroll Service and HR team by the School Office with the approval of the Headteacher. Any amendments made by the School Office will be authorised by the Headteacher in advance of being processed. The Headteacher may not authorise alterations concerning their own contractual and pay conditions, HT authorisation must be made by the CEH and/or Trustees.

Payments

509 Monthly payroll data is reconciled by the SBM to agree accurate salary, national insurance, superannuation and other payments/deductions have been made. Any anomalies should be investigated and resolved and adjustments made to the accounts system as soon as possible. Salary printouts are approved by the Academy Headteachers.

510 All salary payments are made by BACS. The payment date is the nearest working day to the 21st of the month.

511 The SBM carry out monthly management checks to ensure the accuracy of all payroll working papers. Payroll walks and testing will also be carried out annually by Internal Audit and External Audit process.

6 Expenditure and Procurement

601 The Trust must always achieve value for money from all purchases. This means purchases need to be in the correct quality, quantity and completed within the appropriate timeframe and at the best price possible. Purchases should follow the general principles of:

- Probity - it must be clear that there is no private gain in the Academy's contractual relationships;
- Accountability - the Academy is accountable for its expenditure and the conduct of its affairs;
- Fairness - that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

602 Academy procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

603 In the first instance any purchase must be discussed with Academy Headteachers to ensure the purchase is in line with academy objectives. Value for money principles must be applied to all Academy purchases and three written quotations must be sought for any spends of £500 or over. Written quotations should be attached to the requisition prior to approval.

- 604 SBMs should check the register of interests to ensure there are no conflicts of interest when awarding contracts (see point 213).
- 605 Purchases for the Academy up to a value of:
- Up to £5,000 needs to be approved by the Headteacher (Or in their absence approval by the Deputy Headteacher)
 - Between £5,000 to £15,000 will require the approval of the CFO/CEH
 - Between £15,000 to £25,000 will require the approval of the Trust Finance, Staffing Audit and Risk Committee and signed by the Chair of the Committee
 - In excess of £25,000 will require Trustees approval and signed by Chair of the Trust.
- 606 The purchase of any goods should not be made before prior approval is gained. All purchase orders should be signed in accordance with the Scheme of Delegation and processed onto the finance management system (FMS) as soon as they are received to ensure a financial commitment. In particular telephone and internet orders should be processed immediately to avoid the date of the invoice preceding the date of requisition.
- 607 Items should not be added to requisitions after they have been authorised and input onto the FMS as this would increase the initial order value which has been approved.
- 608 **Trustees do not approve of retrospective orders unless there are specific circumstances for the transactions. SBM's should record and monitor all retrospective orders with a detailed explanation to be reported to CFO for review at the end of each month. Trustees may also request to review retrospective orders at their termly meeting.**
- 609 All goods received should be checked and signed for and any discrepancies resolved immediately
- 610 Invoices should be checked to ensure goods have been received and charges are correct.
- 611 Payments in advance of goods or services **must not** be made to suppliers or contractors without prior approval from the CFO or Head of Finance and Operations.
- 612 The SBM must run a monthly GRIR report to ensure any orders on the finance system that are no longer required are deleted to avoid unnecessary financial commitment– this process should be carried out on a monthly basis and not left until the year-end.

Forms of Tender

The procedures below relate to tenders for the Trust. Procedures relating to tendering for each academy are determined by the Trust.

- 613 There are three forms of tender: open; restricted and negotiated. The circumstances in which each should be used are described below.

Open Tender: This is where all potential suppliers are invited to tender. 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 academy'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

614 Full consideration should be given to:

- The objective of the project;
- Overall requirements;
- Technical skills required to meet the tendering criteria;
- After-sales service requirements;
- Form of contract.

615 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

616 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.

617 An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements, specific product requirements;
- Implementation of the project;
- Terms and conditions of tender;
- Form of response.

Tender Acceptance Procedures

618 The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted unless there are exceptional circumstances.

Tender Opening Procedures

619 All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, the SBM and / or Headteacher and the Finance, Staffing, Audit and Risk Committee.

- For contracts up to £25,000 – two, at least one whom should be a Headteacher plus other one Trustee
- For contracts over £25,000 - two, at least one whom should be a Headteacher plus one other Trustee from the Finance, Staffing, Audit and Risk Committee

620 A tender register will be held to record all tenders including the names of the firms submitting tenders and the amount tendered. This record must be signed by the people present at the tender opening.

Tendering Procedures

621 The evaluation process should involve at least two people. Those involved should 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.

622 Those involved in making the decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.

623 Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance, Staffing, Audit and Risk Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance, Staffing, Audit and Risk Committee.

624 Where required by the conditions attached to a specific grant (e.g. from the DfE), the grantor's approval must be obtained before acceptance of a tender.

625 The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

Contractual Indemnities

- 626 The Trust will assess contracts that contain indemnities and determine where they are within the normal course of business. The Trust maintains a contract register of known indemnity clauses with the necessary assessments. Trustees also provide the appropriate oversight and challenge to the trust to ensure the appropriate assessments and record management is maintained.
- 627 The Trust will obtain their own independent legal advice before entering into any contractual agreement. DfE approval is needed when indemnities are novel, contentious, or repercussive and is therefore not considered under the normal course of business.

7. Income

- 701 The main sources of income for the Trust are agreed annual contributions from each of the sponsored academies. The amalgamation of a proportion of funding to form one central fund will be used to meet the normal running costs at any of the academies within the Trust. The Trust central contribution from each academy's yearly budget will be determined annually by the Board of Trustees.
- 702 The main sources of income for the academies are grants from the DfE and LA. The receipt and banking of all income in its entirety is monitored in each academy by the SBM and any queries are raised with the CFO who is responsible for ensuring all grants due are collected.
- 703 Others sources of income are from:
- pupils for meals, trips, after school clubs, music tuition etc.
 - public for the hire of facilities, school events.
- 704 The main recurrent grants from the DfE are paid monthly around the 1st of each month.
- 705 Notification of the level of grant is usually received around March in the year before the financial year in question. Some grants are granted on a financial year basis of April to March and are therefore not notified until later in the year. Estimates may therefore be required to meet budgeting deadlines.
- 706 Insurance grants are based on reimbursing actual costs, and therefore should be estimated for the budget purposes.

Pupil Meals

- 707 As of September 2014, all KS1 (Reception-Year 2) are entitled to a free school meal. Year 3-6 pupil dinner money is paid on Monday morning. All dinner money is reconciled with the SIMS dinner money system on a weekly basis. Dinner money received on a Monday morning is cash receipted and banked together with any reconciled late dinner money

received in the previous week (Tuesday to Friday). See point 319 for dinner money arrears procedure.

Staff Meals

- 708** Payment made by staff for staff meals taken should be recorded and reconciled with the SIMS dinner money system at the end of week and banked on a Monday morning with the pupil meals dinner money.

Off-Site Trips

- 709** Parents are asked to make a donation towards the costs of offsite trips. Donations from Parents are collected and sent to the office for collation and banking.
- 710** Money due for residential visits is paid to and recorded at the office.
- 711** A copy of each residential trip list showing amounts paid and any monies outstanding should be kept by the office. This record is maintained in the school office and the SBM and/or Admin Clerk is responsible for chasing outstanding amounts. Where a debt is incurred the Academy will follow procedures outlined in the Trust arrears Policy.

Lettings

- 712** The Academy may from time to time let premises to other organisations, subject to such lettings not clashing with the Academy timetable. Any letting of the Academy's premises may be either commercially or community motivated.
- 713** New long-term letting proposals must be approved by the Headteacher.
- 714** The SBM is responsible for the collation of details on each user as outlined in the lettings policy ie: certificates, qualifications etc., and maintaining booking records for calculating the sums due. The SBM is also responsible for ensuring an annual review of documentation to ensure up to date details are held for each Letting and user ie: insurance, safeguarding information.
- 715** The SBM should liaise with others to avoid timetable clashes. Where possible, lettings should be arranged to minimise overtime costs, for example, by scheduling two letting activities in different areas of the Academy at the same time.
- 716** The SBM will ensure a sales invoice(s) is produced from the accounting system when a booking form is completed and establish a record of sales. Payments are recorded when they are made and the sales ledger account will be monitored by the SBM.
- 717** Academy users should make payment direct to the school office or follow the instructions on the sales invoice.

Custody

- 718 Pre-numbered Academy receipts should be issued for all cash and cheques received where no other documentation exists. Cash and cheques must be kept in the school Office safe until banked.
- 719 All monies collected must be banked in their entirety on a monthly basis in line with agreed practice (801).

Bank Interest

- 720 The Academy will receive interest on all amounts in any interest-bearing accounts held.

8 Cash Management

Bank Accounts

The opening of all accounts must be authorised by the Chief Executive Headteacher who must agree the arrangements covering the operation of accounts, including transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds is also subject to the same level of control.

Deposits

- 801 Payments received should be recorded onto the relevant income list or book which should be signed and balanced to comply with audit requirements. Class lists should be used for the reconciliation of income received for charitable events, fundraising or donations for school trips. Cash should be signed for on receipt into the office and recorded in the 'other income file', reconciled and banked monthly. Additional cash collections should be arranged as determined by each Academy i.e. to cover a holiday period or increased cash due to fundraising etc. All cash collected should be reconciled and bagged for the monthly cash in transit collection and delivery to the bank. Cash deposits to the bank must be recorded onto a paying-in slip and to be included in the cash bag. The details on the slip should include:

- Reconciliation of cash amounts
- The total amount of the deposit
- A reference should be recorded on the paying in slip stating name of debtor, corresponding invoice number etc

Payment and Withdrawal Procedures

- 802 All cheques, BACS payments or other instrument authorising withdrawal from Academy bank accounts must be authorised by **two** authorised signatories: CEH, CFO, HFO, HT, DHT or SBM.
- 803 This provision applies to all accounts operated by or on behalf of the LGB of the Academy.

Administration

- 804 The SBM must ensure bank statements are received regularly and reconciled at least monthly. Reconciliation procedures must ensure that:
- All bank accounts are reconciled to the accounts system
 - Reconciliations are subject to an independent review carried out by the Responsible Officer; and
 - Queries and adjustments arising are authorised and dealt with promptly.
- 805 Cheques:
- Cheques must not be pre-signed;
 - All unused cheques must be retained securely.

The same level of authorisation and value for money procedures are required before a purchase is made. Receipts and print-outs of online purchases should be kept and attached to authorised requisitions. Reconciliations are carried out with monthly bank statements. Cheques should only be used to pay for goods and services in special circumstances only and when all other payment methods have been investigated (excluding reimbursement to staff for petty cash purchases).

Cash Flow Forecasts

- 806 The SBM is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover its obligations. If surplus balances are forecast, plans for projects in line with Improvement plans should be discussed with HT, CEH and CFO. If at any point during the budget monitoring process indications are that there could be a shortfall steps to address the shortfall should be taken to ensure a balanced or positive outcome at year end.

Investments

- 807 If the Trust is able to generate better returns than currently provided in the current account, it may undertake other investments. Investments may however only be made in accordance with procedures approved by the Trustees. All investment decisions will be made on a risk-averse basis.
- 808 Investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, including the date of purchase, the cost and a

description of the investment. Additional procedures may be required to ensure that income receivable is actually received.

Petty Cash Accounts

- 809 The Academy maintains a maximum cash balance of £300 at any one time to meet unexpected payments and reimbursements with short notice. The cash is administered by the School Office and is kept in the Office safe.
- 810 The maximum reimbursement through petty cash is £20. Higher value payments should be made by cheque or purchases made via debit card or normal purchasing procedures. Any petty cash reimbursements made that are higher than the £20 limit should **only be made in exceptional circumstances** after prior approval is gained from the CFO and Academy Headteacher. Each transaction should be listed and reported to the Trustees at the Termly Finance, Staffing, Audit and Risk Committee meeting.
- 811 All requests for petty cash must be authorised prior to the purchase of goods. This authorisation must be given at the time petty cash is withdrawn.
- 812 Petty cash payments/requests require a signed acknowledgement for the funds withdrawn from the person receiving the funds through a petty cash voucher.
- 813 Petty cash transactions should be updated weekly onto petty cash transaction spreadsheet and a weekly reconciliation of any cash held completed to ensure any cash held is correct.
- 814 A full reconciliation is carried out monthly, where the total signed acknowledgements and the total cash must equal the approved holding balance. Identified Administration staff/SBM are responsible for reconciling the petty cash.
- 815 Regular and unannounced cash counts will be made by the CFO to ensure that all petty cash is accounted for.
- 816 Petty cash reconciliation spreadsheets are printed, reviewed and countersigned by the Headteacher and then filed with end of month paper work.
- 817 Replenishment of the petty cash fund to the approved holding balance is performed through a request for a cheque. This request is supported by the signed acknowledgments totalling the amount and follows normal cheque/payment procedures.

Debit Cards

- 818 To aid purchases where the best deals are internet purchases each Academy has the use of a debit card. The limits on debit card daily expenditure are £500 for a 1 form entry Academy and £800 for a two-form entry Academy.

- 819 The same level of authorisation and value for money procedures are required for all debit card transactions before a purchase is made. Receipts and printouts of online purchases should be kept and attached to authorised requisitions. In the first instance any purchase must be discussed with Academy Headteachers to ensure the purchase is in line with academy objectives. Value for money principles must be applied to all trust purchases. Quotations should be attached to the requisition prior to approval where applicable.
- 820 Debit card account reconciliations are carried out with monthly bank statements, purchases listed on the monthly transaction spreadsheet and sent to LA Finance team at the end of each month to upload on to the SAP system. Debit card reconciliation spreadsheets are printed, reviewed and countersigned by the Headteacher and then filed with end of month paperwork.
- 821 Debit cards should not be taken off site unless authorised to do so by the CFO.
- 822 Debit cards should always be kept in the Academy safe, signed in and out of the safe when required and always remain in the safe overnight and at weekends.

Expenses

- 823 Proper consideration needs to be given when incurring costs that you wish to be reimbursed. Expenses will only be paid if they are authorised by the Headteacher and in line with the objectives of the Academy.
- 824 Wherever possible expenditure should be incurred on the basis that the supplier will invoice the Academy. It is acknowledged, however, that on occasions it will be necessary to pay by cash. In exceptional circumstances a cash advance can be given out to cover expenses. Once the expenditure has been incurred, then the relevant receipts and change need to be submitted to the office.
- 825 If the expenditure has been incurred without an authorised petty cash voucher in advance, then it cannot be taken for granted that the costs will be reimbursed.
- 826 Reimbursements of expenses incurred over £20 will be made by cheque.
- 827 Expenses should only be incurred once the expenditure has been approved by the relevant personnel as outlined in the Trust Scheme of Delegation.

9. Trust Assets

Purchase of Assets

- 901 All assets purchased with an individual value over £50.00 must be entered in the Academy Asset Register. Academy Asset Registers should be reviewed at least termly.

902 Items over £1,000 or any improvement projects to the fabric of the school building is classed as a capital asset and must be recorded on the Fixed Asset Register.

Asset Registers

903 Asset Registers:

- Ensure that staff take responsibility for the safe custody of assets
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- Are used to manage the effective use of assets and plan for their replacement
- Are used by external auditors to audit the annual accounts and the financial systems
- Supports insurance claims in the event of fire, theft, vandalism or other mishaps
- Informs our annual budget forecasts for the DfE
- Are included in end of year financial accounting statements.

904 The Asset Register should include the following information as a minimum:

- date of acquisition
- description of the asset including serial number or other identifying details
- cost and Invoice details
- location of asset
- expected useful life of asset
- date asset was deleted, method and authorisation of disposal.

905 The Asset Registers should be kept up-to-date and reviewed at least termly. Any discrepancies should be investigated by the SBM. Any discrepancies over £500 should be reported directly to the Headteacher in the first instance and the CFO.

Security of Assets

906 Equipment must be secured by means of physical and other security devices.

907 If applicable, items used by the Academy, but not owned by the Academy, should be recorded as such.

Disposals/Transfers of Assets

908 Any asset transferred between academies should be removed from transferring academy register and included onto the receiving academy register.

909 Items to be sold or disposed of must be authorised for disposal where they have useful life and/or significant value and should be sold by competitive tender or auction. If the estimated value of the asset is up to £1,000, Headteacher approval is needed before proceeding. If the value is over £1,000 it must be agreed by the CFO before proceeding and if over £5,000 by the CFO and the Trustees.

- 910 The Academy must obtain DfE approval in writing if it proposes to dispose of an asset for which capital grant of more than £25,000 was paid.
- 911 Disposal of equipment to staff is not encouraged, as it may be more difficult to prove that the Academy obtains value for money. In addition, there are complications with the disposal of computer equipment, as the Academy has to ensure that software licences are transferred legally to the new owner.
- 912 The Academy is expected to reinvest proceeds from sales of assets for which capital grant was paid in other Academy assets. If sale proceeds are not reinvested then the Academy must repay a proportion of the sale proceeds to the DfE.
- 913 All disposals of land must be approved in advance by the Secretary of State.

Loan of Assets

- 914 Academy property may not be removed from the premises without prior approval. The loan must be recorded and signed for on the appropriate form and filed in the asset register and the item booked back when it is returned. Equipment will be used for the sole benefit of the Academy and not for personal use. Laptops are issued to staff and approval for use at home is granted in all cases.
- 915 If assets are loaned for extended periods or frequently to a single member of staff, a 'benefit-in-kind' may arise for PAYE purposes. Loans should therefore be kept under review and discussed where necessary with the Trust's auditors.
- 916 When an employee leaves the Trust, all loaned property must be returned and evidenced as returned.

Attractive Items Register

- 917 Items which fall under the de-minimus level for capital expenditure (under £1,000) still represent an investment by the Academy, and in some cases it is desirable to monitor these items in a similar way to capital purchases. In this instance, an Attractive Items Register may be used. This details information such as cost, serial number, responsibility and location. This can be used for items such as digital cameras, camcorders, printers etc.

Premises

- 918 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the SBM and Site Supervisor to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 919 Damage should be reported to the SBM who will take appropriate action. The CEH and CFO must approve repairs and replacements over £5,000, the Trustees Finance, Staffing, Audit and Risk Committee over £15,000 and the Trustees over £25,000 unless there are

exceptional and urgent circumstances, in which case the SBM should obtain the approval of the Chair of the Committee, or in his/her absence, any member of the Finance, Staffing, Audit and Risk Committee may provide the relevant approval. Where possible claims should be made via the RPA procedures.

920 The Academy has an asset management plan and DfE Condition Data Collection Survey that ensures premises expenditure can be planned into the annual budget and that the school building is maintained appropriately. The plans must be reviewed at least termly by the SBM and the Site Supervisor.

10. Contracts (including Leases)

1001 Any non-routine tenders or purchases, such as leases, are subject to a contract between the Academy and the supplier which is to be signed *before* the contracted work begins or the delivery of goods.

1002 The contract(s) should clearly set out (as applicable):

- Main contact details of the contractor and school;
- The scope of work with detailed and accurate specifications;
- The timeline and completion date of the work(s);
- Dates for completion of works;
- Quality controls on work(s);
- The agreed fees/charges and payment date(s);
- Specification of the goods to be delivered (as applicable);
- In the case of a lease, whether it is an operating or finance lease (DfE approval must be obtained for a finance lease excluding finance leases on the DfE approved list)
- Method Statements and Risk Assessments must be submitted to the SBM prior to any work being started

1003 The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque.

1004 Copies of all contract documentation must be filed in a Contracts/SLA Register.

11. Insurance – DfE Risk Protection Arrangement (RPA)

1101 Cover includes:

- Material Damage - Buildings and Contents
- Business Interruption
- Third party liability
- Employer's liability
- Employee and Third-Party Dishonesty
- Money

- Governors' liability
- Professional indemnity
- Personal Accident
- School Trips.

12. VAT

1201 The Trust is not registered for VAT and as such is able to recover VAT incurred excluding VAT charges on business activities. A VAT claim is prepared on the Academy behalf and reviewed by the SBM on a termly basis and sent to HMRC. VAT refunds are received into Inspire bank account and reported to the Finance, Staffing Audit and Risk Committee. All receipts for VAT claimed must be appropriately filed and available for any ad hoc inspection by HMRC.

13. Borrowing

General Considerations

1301 Any Academy must seek the Secretary of State's approval for both short-term borrowing (including overdraft facilities including finance leases but excluding finance leases on the DfE approved list) from any source, where such borrowing is to be repaid from DfE grant or secured on assets funded from DfE grant. However, the Secretary of State's normal policy is that Academy's should not be granted permission for medium- and long-term borrowing. However, from time to time the Secretary of State may introduce a limited scheme to support broader policy objectives ie: the Salix scheme designed to support energy saving initiatives.

1302 The Academy is unable to use loan financing or similar.

14. Year End Procedures

1401 The SBM should be aware of rushing into commitments at year end in order to use up their budgets. The overriding principle at all times should be obtaining value for money, and if that means a delay while the best deal is sought, pushing expenditure into the following year, then this should be followed and accommodated. Ideally, however, expenditure should be planned during the year.

1402 The Administration Team operate a purchase order system in order to be able to track commitments and apply expenditure to the year to which it relates.

1403

The Trust need to complete an annual Trustee Report and financial statements as of 31st August each year in preparation for an external annual audit and uploading to the DfE. Financial information required for this but not limited to are:

- Trial balance

- All journals posted during the financial year 1st September to 31st August
- Schedules for income and expenditure, restricted and unrestricted
- Suspense accounts
- Finance handbooks and policies
- Budget returns
- Latest risk registers
- Budget forecasts
- Remittances
- Bank statements, petty cash reconciliations, procurement documentation
- Sales invoices
- Aged debtors listing
- Aged creditors listing
- Fixed Asset Register, also detailing all additions and disposals
- Staff numbers in year, FTE by type (teachers, admin and support, projects and management)
- Prepayments schedule
- Accruals schedule
- Accrued and deferred income schedules
- Payroll/personnel information
- VAT returns
- Other income breakdown
- Listing of numbers of staff being paid over £60k, in bands of £10k
- LGPS/TPS statements
- Lease commitments
- Related party transactions listing
- Capital commitments listing, fixed asset registers.

1404 The Trust CFO, Head of Finance and Operations, Academy SBM and Admin team will be required to aid external auditors as they will visit the Academy as part of their audit of the accounts. The auditors are appointed by the Trustees. The audited and signed accounts will be filed with the DfE, Companies House, Charities Commission and uploaded onto the Trust Website.

1405 The DfE must be notified if any deadlines for information are not going to be achieved. Submitting financial returns on time is an essential requirement of the Academies Financial Handbook. The DfE has a policy of naming those academy trusts who are late with two or more of their deadlines in updates to Academies and on the DfE Website.

15. External Liaison

1501 The Academy will have dealings with external bodies such as the DfE, Local Authority and other central government bodies as appropriate.

1502 Certain areas of expenditure or actions are required to be passed to the Secretary of State for the DfE for their formal approval or notification. The areas that this would cover will include:

- entering into any guarantees, indemnities and letters of comfort over £45,000 and subject to a limit of £250,000
- novel, contentious or repercussive transactions
- writing-off of debts and losses owed to the Academy over £45,000 and subject to a limit of £250,000
- special payments: staff severance, compensation of £50,000 or above
- any ex-gratia payments
- any freehold sales or purchases
- granting a lease on land or buildings
- financial lease
- acquiring a leasehold on land or buildings if the lease term is 7 years or more
- Disposing of heritage assets
- any loss arising from suspected theft or fraud exceeding an amount set out in the ATH.
- borrowing
- related party transactions over £40,000.

1503 The SBM must notify in the first instance the Headteacher and Head of Finance and Operations of such expenditure or actions before commitments are made so that statutory obligations can be met.

16. Financial Protection and Malpractice

1601 All Academy staff should adhere to the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Fraud, theft, irregularity and Cybercrime

1602 All staff have a responsibility to protect the assets of the Academy. As such, the Academy ensures that staff have a mechanism (Whistle Blowing Policy) by which to report suspected fraud.

1603 In addition, the management of the Academy must also have the means to investigate such cases.

1604 If any Academy suspects a ransomware or other cyber incident they must inform the Business Relations and Governance Manager who will implement our Cyber Response Plan.

1605 The Trust must not pay any ransom demands.

Whistleblowing

- 1606 Whistleblowing inside the workplace is the reporting by employees or ex-employees of wrong-doing such as fraud, malpractice, mismanagement, breach of health and safety law or any other illegal or unethical act either on the part of management, the Trustees, LGB or by fellow employees. Workers may include, for example, contractors and agency workers.
- 1607 The Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998) is designed to protect Whistleblowing from detriment and unfair dismissal. The people protected by the Act include workers, employees, third party contractor staff, agency workers and work experience workers.
- 1608 There is a balance to be struck between the right of the individual member of staff to speak freely on a range of matters and the right of the Academy or colleagues to protect themselves against false and malicious accusations.
- 1609 As such, the Trust has a Whistleblowing policy which details how concerns about malpractice may properly be raised within the Trust and if necessary, outside the Trust. For more information, please refer to the Trust Whistleblowing Policy, which is available on the Trust Website.
- 1610 Students may also have information which should be raised in the public interest and there should be proper procedures in place for them to air their concerns.