



**THE ELLIOT FOUNDATION ACADEMIES
TRUST FINANCE MANUAL**

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1. Introduction

The purpose of this manual is to set out information about the finance function at the Elliot Foundation and to document The Elliot Foundation Academies Trust (TEFAT) Board's responsibility to maintain and develop systems of financial control which conform to the requirements outlined in the Academies financial handbook 2017 issued by the Education & Skills Funding Agency (ESFA) effective 1st September 2017 (and any updates issued thereafter), supporting the disciplines of propriety and sound financial management. It is essential that the financial systems operate properly to meet the requirements of the funding agreement with the Department for Education (DfE)/ ESFA.

This manual applies to all academies within TEFAT and should be read by all Trust personnel with financial responsibility and control.

The TEFAT Accounting and Financial Procedures Manual provides detailed information on the academies accounting procedures and systems and should be read in conjunction with this manual by all Trust personnel involved in financial systems.

The TEFAT Board is responsible for ensuring that adequate internal controls are in place. Some of these controls are undertaken by the Trust Board itself. In practice, these are applied through the Executive and Senior Management team, sub-committees to TEFAT Board, Groups, Academy Principals and Academy Local Governing Bodies to ensure that the risks of error or fraudulent activity are minimised. To ensure this the Trust Board will:

- Hire appropriately qualified and experienced staff;
- Ensure segregation of duties;
- Maintain up-to-date documentation;
- Keep a register of business interests;
- Use acceptable financial accounting systems and maintain proper accounting records.



2. Organisation

The Elliot Foundation Academies Trust

The Elliot Foundation Academies Trust (TEFAT) is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association, dated 22nd June 2012, are the primary governing documents of the Academy Trust. The Trustees are also the Trustees of the Charitable Company for the purposes of company law.

Board of Trustees

The Board of Trustees establish the overall framework for the governance of the Trust and academies included within the Trust.

The Board of TEFAT determines membership, terms of reference and procedures of committees and other groups and approves all TEFAT policies. Currently there are the following two Committees and two groups:

- The Finance Committee
- The Audit Committee
- The Standards Group
- The Operations Group

The delegation of responsibility and authority is set out within the comprehensive TEFAT scheme of delegation. This includes the delegation to the Chief Executive Officer (CEO), who is also the TEFAT Chief Accounting Officer and to Trustees and other employees of TEFAT.

The Board of Trustees has delegated authority to the CEO and the Officers to make executive decisions over the day to day running of the organisation.

The Board of Trustees is responsible for ensuring that TEFAT conforms to company and charity law, its memorandum and articles of association and to any other legislation and regulatory law that may apply.

The Local Governing Body

Each academy or federation of academies is required to establish a Local Governing Body (LGB).

- The LGB under the guidance of TEFAT's Board will provide a framework of accountability for governors and staff within their academy.
- The LGB has delegated responsibility from the TEFAT Board for the administration of the academy's finances. The main financial responsibilities include:

- Ensuring that funds are received according to the TEFAT Funding Agreement, and are used only for the purposes intended
- The initial review and proposing of the annual budget
- The regular monitoring of actual expenditure and income against the authorised budget and subsequent authorised updated forecasts
- Authorising orders and the award of contracts up to a value of £25,000
- Reviewing any reports on the effectiveness of the financial procedures and controls e.g. internal audit reports. These reports will also be shared with CEO and Officers.

The Principal

Within the framework of the academy development plan as approved by TEFAT the Principal has overall executive responsibility for the academy's activities including financial activities. The Principal is responsible to the LGB, TEFAT's CEO and the Regional Trustee. Much of the financial responsibility has been delegated to the School Business Manager / Finance Manager but the Principal still retains responsibility for:

- Approving new staff appointments within the Academy, except for any senior staff posts which the LGB have agreed should be approved by them;
- Authorising orders and contracts between £3000 and £10,000 in conjunction with the School Business Manager / Finance Manager;
- Authorise and ultimately be responsible for the academy payroll process in conjunction with the School Business Manager / Finance Manager;
- Approving and authorising payments in conjunction with the other authorised signatories.

School Business Manager / Finance Manager

The School Business Manager / Finance Manager is appointed by the Trusts Finance Trustee and the Academy Principal. They work in close collaboration with the Trusts Financial Controller and the TEFAT Head Office Finance department.

The main responsibilities of the School Business Manager /Finance Manager are:

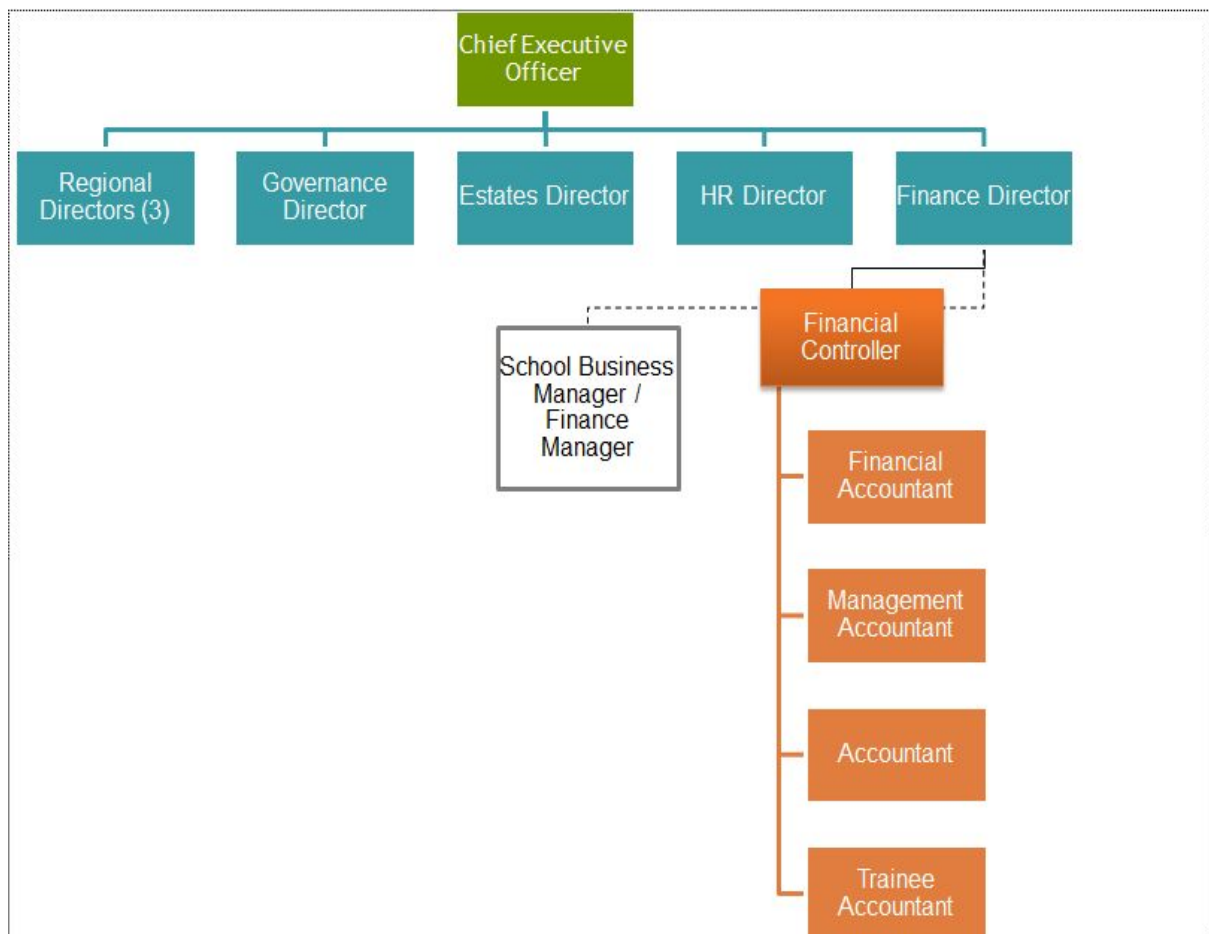
- The day to day management of financial issues including the establishment and operation of the accounting system;
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by TEFAT Head Office;
- The maintenance of effective systems of internal control;
- Ensuring monthly management accounts are prepared to agreed deadlines
- Routine purchasing of under £3,000;

- Manage the Academy payroll in line with the TEFAT guidelines and in conjunction with the Academy Principal;
- Approving and authorising payments in conjunction with the Principal or other authorised signatories;
- Ensuring that forms and returns are sent to TEFAT and the DfE/ ESFA within prescribed timetable.

Other Members of School Staff

Other members of staff, primarily the Finance/ Administrative Assistant, and budget holders, will have some financial responsibilities and therefore will be responsible to the School Business Manager / Finance Manager. All staff are responsible for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust’s financial procedures.

TEFAT Head Office Finance Organisational Chart





Register of Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all members of the Trust and any staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

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

Any gifts or hospitality that have been provided to any TEFAT employees are included as an entry in the register.

The existence of a register of business interests does not, of course, detract from the duties of members of the LGB and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, members of the LGB and staff should not attend that part of any committee or other meeting.

3. Financial Oversight and Internal Control

Chief Accounting Officer

The TEFAT Board has designated, in writing, an individual as the academy Trust's Chief Accounting Officer who is the senior executive leader of TEFAT as the Trust's CEO who:

- is a fit and suitable person for the role;
- takes personal responsibility for regularity, propriety and value for money;
- assures the TEFAT board of Trustees that there is compliance with the ESFA Academies Financial Handbook 2017, the funding agreement and all relevant aspects of company and charitable law;
- advises the TEFAT board of Trustees, in writing, of any action or policy incompatible with the terms of the academy Trust's articles, funding agreement or handbook;
- will notify ESFA's accounting officer, in writing, if action proposed by the board of Trustees is in breach of the Trust's articles, funding agreement or the Academies Financial Handbook 2017;
- adheres to the "[Seven Principles of Public Life](#)";
- ensures the board of Trustees meets at least three times a year, and conducts business only when quorate;

- has appointed a Chief Financial Officer, who is the Finance Trustee who leads the finance department;
- has appointed appropriately qualified and/or experienced finance staff;

Financial Oversight

(taken from the Academies Finance Handbook 2017 'Schedule of Musts')

TEFAT has an approved written scheme of delegation of financial powers that seeks to maintain robust internal control arrangements.

The Chief Accounting Officer takes full control of TEFATs financial affairs, applies the letter and the spirit of all ESFA and DofE guidance, and ensures appropriate oversight of financial transactions by:

- having all the Trust's property and assets under the control of Trustees, and measures in place to prevent loss or misuse;
- having bank accounts, financial systems and financial records operated by more than one person;
- keeping and maintaining full and accurate accounting records and retain all records necessary for at least six years after the end of the period to which funding relates;
- preparing accruals accounts, giving a true and fair view of the Trust's financial affairs, in accordance with existing accounting standards;
- agreeing to comply with all terms of any Financial Notice to Improve.

The Chief Accounting Officer will ensure value for money, regularity and propriety in relation to the management of its funds, using reasonable discretion to command broad public support.

The board of TEFAT will provide details of TEFATs governance arrangements in the governance statement published with its audited accounts and in addition will publish up-to-date details of TEFAT's governance arrangements on the TEFAT website.

TEFAT has appropriate procedures in place for whistleblowing, including making sure all staff are aware to whom they can report their concerns and the way in which such concerns will be managed.

The board of TEFAT must ensure that there are measures in place to manage conflicts of interest and that the chair of the Board of Trustees and the accounting officer manage their relationships with connected parties to avoid both real and perceived conflicts of interest.

The board of TEFAT recognises that certain transactions with connected parties may attract greater public scrutiny and require sufficient disclosure in annual accounts to support the high standards of accountability and transparency of the public sector, including:

- transactions with individuals in a position of control and influence, including the chair of the board of Trustees and the Chief Accounting Officer;
- payments to commercial organisations which have a profit motive, as opposed to those in the voluntary sector;
- relationships with external auditors that go beyond their duty to undertake a statutory audit.

TEFAT's register of interests, has captured, as set out in all guidance:

- relevant business and pecuniary interests of members, Trustees, local governors of academies within a multi-academy Trust, and senior employees;
- interests of other responsible individuals.

TEFAT has published on its website, all the relevant business and pecuniary interests of members, Trustees, local governors and accounting officers and has ensured that the use of confidentiality clauses does not prevent an individual's right to make disclosures in the public interest.

The TEFAT Board has a responsibility for ensuring that appropriate procedures are in place to enable the Elliot Foundation Academies Trust to receive all income to which it is entitled. For this reason, it is important that TEFAT has a policy for dealing with debts which is approved by the TEFAT Board. A copy of this policy is published on the website.

TEFAT maintains a written policy regarding the process of writing off any debt and will obtain ESFA's prior approval for writing off debts and losses, and entering into guarantees, letters of comfort and indemnities beyond specified EFA limits as advised in the ESFA Academies Finance Handbook 2017.

TEFAT has completed, and returned to ESFA, a financial management and governance self-assessment for new academy Trusts, or constituent academies joining a multi-academy Trust.

TEFAT has a written policy published on the website regarding identifying and reporting any suspected fraud and corruption and will notify ESFA of any instances of fraud or theft where the value exceeds £5,000, individually or cumulatively, or of any value where the fraud is unusual or systematic.

TEFAT will always refer novel and/or contentious transactions to EFA for explicit prior authorisation. Novel transactions are those of which the Academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions



are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

Other than land, buildings and heritage assets, Trusts can dispose of any other fixed asset without ESFA's prior approval. TEFAT will always seek and obtain prior written approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings;
- disposing of a freehold of land or buildings;
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

Trusts do not require ESFA's approval to enter into operating lease arrangements except for some transactions relating to land or buildings. TEFAT will always obtain ESFA's prior approval for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party (borrowing);
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years;
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party;

TEFAT will notify DfE via Get Information About Schools (GIAS) within 14 days of the appointment or vacating of the positions of Member, Trustee, Local Governor, Chair of Trustees, Chairs of LGB, Chief Accounting Officer and Chief Financial Officer.

Internal Controls

TEFAT has established a control framework that recognises public expectations about governance, standards and openness. The Trust's internal control framework includes:

- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt 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;
- processes to reduce the risk of fraud and theft;
- ensuring efficiency and value for money in the organisation's activities;
- a process for independent checking of financial controls, systems, transactions and risk.

4. Financial Planning and Reporting

Financial Planning Process

The academy prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

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

Development Plan

The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" from which more detailed plans are drawn up as and when required.

The form and content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE and/or the ESFA.

Each year the Principal will propose a planning cycle and timetable to the LGB which allows for:

- a review of past activities, aims and objectives - "did we get it right?";
- a definition or redefinition of aims and objectives – "are the aims still relevant?";
- development of the plan and associated budgets – "how do we go forward?";
- implementation, monitoring and review of the plan – "who needs to do what when to make the plan work and keep it on course";
- feedback into the next planning cycle – "what worked successfully and how can we improve".

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Principal.

The completed development plan will be a 3 year plan and include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned by the principal to an academy staff member. The responsible staff member should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course.

Annual Budget return – three-year plan

The Principal with the support of the School Business Manager / Finance Manager is responsible for preparing and submitting the annual budget together with a plan for a further two years to cover a three-year period. The budget return must be proposed by the LGB and recommended by the TEFAT Finance Committee with final approval by TEFAT Board.

The approved budget forecast return must be submitted to the DfE/ ESFA by 30 July each year and the School Business Manager / Finance Manager is responsible for ensuring the timetable set by TEFAT Head Office is met. It has to allow sufficient time for the approval process prior to submission.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE/ ESFA General Annual Grant (GAG) receivable;
- review of other income sources available to the academy to assess likely level of receipts e.g. pupil premium income;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings;
- review of the main expenditure headings considering the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes;

- high level forecast of the following two years budgets in line with the guidance to be given by ESFA.

Annual Budget Preparation guidance will be sent out by TEFAT H.O. to ALL Schools to promote consistency across Schools by March each year.

Budget Preparation training will be given by HO Finance team to all new Schools joining TEFAT and those Schools requiring additional support.

Budget forecast return outturn - Mid-Year Forecast

As part of the preparation of the annual budget process the Principal with the support of the School Business Manager / Finance Manager is responsible for preparing and submitting an update of the current year annual budget in the form of a forecast outcome to the end of the financial year, a budget forecast return outturn. This is to be based on the February (P6) year to date actual report together with the best estimates for the remaining periods of the financial year across all expense lines. This report is required to be submitted to TEFAT Finance by mid-March. This report is required to be submitted to the ESFA by mid-May each year.

Cash Flow Forecasts

The School Business Manager / Finance Manager is responsible for preparing a minimum of 12 months rolling cash flow forecasts and reviewing it monthly to ensure that the Academy/Head Office has sufficient funds available to pay for day to day operations.

Monitoring and Review

Monthly management accounts will be prepared by the School Business Manager / Finance Manager. These will detail actual income and expenditure against budget/forecast both for budget holders and at a summary level for the Principal and the LBG.

Any potential overspend against the budget must in the first instance be discussed between the Principal and the School Business Manager / Finance Manager. This is then reviewed by the TEFAT H.O. finance team and any issues discussed and addressed

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where applicable.

Academies

All academies are required to submit the following monthly reports and documentation to TEFAT H.O. finance team for review within 2 weeks of the month end:

- Management Accounts - School Business Managers / Finance Managers run a management accounts report with explanations of any variances over £5k against the budget.

- Reconciliations – The following reconciliations are completed monthly
 - Payroll Reconciliation - Reconcile payroll provider (EPM) reports to PS Financial postings. Signed listings of starters/leavers/amendment and signed payroll provider reports should be emailed to TEFAT H.O. finance team.
 - Income Reconciliation – Ensure the transfer journal is posted and agrees to ESFA payment schedule. Review all income postings to ensure nominal coding's are correct and sufficient supporting documents (remittances) are available for all income posted.
 - Bank Account Reconciliation - Reconcile bank account monthly and forward signed completed reconciliation to TEFAT H.O. finance team.
 - Balance Sheet Control Accounts Reconciliations – Review balance sheet control accounts and clear to zero balances. Email a print out of Trial Balance showing balances with explanation of any un-cleared balances to TEFAT H.O. finance team.
- Commitments- Review of all outstanding commitments.
- Fixed Asset register - Complete fixed asset register monthly with copies of all capital invoices attached and emailed to TEFAT's finance team. The Trust capitalisation limit is £5,000.
- Prepayments - Complete prepayment schedule monthly and attach copy invoices of items over £500.

5. Risk Management

Responsibility

- TEFAT maintains and regularly updates the Trusts Risk Management Statement which is published on the Trusts web site.
- Risk management is integral to all aspects of TEFAT's activities and is the responsibility of all staff.
- More specifically, TEFAT board and Senior Management, as referenced in the latest scheme of delegation, have the responsibility of overseeing the development and implementation of the risk management strategy. This will involve identifying, assessing, managing, controlling risks by implementing strong internal controls. It



also has a duty to disclose in its annual accounts the major risks the charity is exposed to, and the way it has mitigated these risks.

Procedure

Best practice will be adopted in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. To maximize the early identification of risk, TEFAT adopts a dynamic approach to risk management dependent on the business cycle.

Pre-conversion Risk

All academy conversions are preceded by a due diligence exercise which populates a Pre-conversion risk assessment spreadsheet which is completed by the CEO.

Conversion risk

If the conversion proceeds the pre-conversion risk assessment is an input to the project risk register which is managed by the project manager reporting to the project Trustee. When the conversion project completes the all open risks are transferred to the central risk register

Central risk register

The central risk register is owned by the CEO and Project Trustee and is managed by the Operations Group. The Operations Groups meets weekly, either in person or by teleconference, on a Monday and risk management is a standing item on the agenda. Risks are grouped by Trusteeate or by academy and each week the Operations Group will take a different Trusteeate, region or new area of risk under consideration. This approach ensures that each term education, safety, finance, buildings, HR, development, governance and compliance, operational and school risks are all reviewed at least once and mitigation discussed. The operations groups report risk to the TEFAT board as a standing item on the board agenda.

Academy risk

TEFAT is planning for all academies each to have its own risk register managed by the School Business Manager / Finance Manager that feeds into the Trust's central risk register.

Risk Identification

The process of risk identification will involve both TEFAT board of Trustees and Senior Management dependent on the business cycle.

Risk Assessment



The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified.

Risk register

Any risks requiring mediation should be recorded in the Schools and Elliot Foundations' risk register. The actions required to produce an acceptable control system will be identified and documented by the School and Head Office updated on the same. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review. The risk register will be reviewed regularly by the School's governors and TEFAT board to ensure that risks are identified and that appropriate controls and responses are in place.

Risk Management Statement – TEFAT website 7 October 2015 [to be updated]

The Elliot Foundation Academies Trust is committed to building a national family of schools, "Where children believe they can, because teachers know they can". Central to the ambition of rapid improvement in outcomes for all children is the effective management of risk such that teachers, leadership teams and school staff can concentrate on education.

6. Proper use of Funds

TEFAT Board of Trustees have the responsibility to ensure that the following principles are applied:

- seeking ESFA's prior approval on all proposed transactions beyond the Trust's delegated authority limits;
- spending has been for the purpose intended and there is probity in the use of public funds;
- spending decisions represent value for money;
- internal delegation levels exist and are applied within the Trust;
- a competitive tendering policy is in place and applied, and OJEU procurement thresholds are observed;
- relevant professional advice is obtained where appropriate.

TEFAT Board of Trustees will ensure that the academy Trust is eligible for the delegations and freedoms set out in all guidance through its funding agreement.

TEFAT Board of Trustees are even-handed in relationships with connected parties, and ensure goods or services provided by individuals or organisations connected to the Trust are provided at no more than cost beyond the limits specified in any ESFA guidance.



TEFAT Board of Trustees ensure that no member, Trustee, local governor, employee or related individual or organisation uses their connection to the academy Trust for personal gain.

TEFAT Board of Trustees ensure there are no payments to any Trustee unless such payment is permitted by the articles and complies with the terms of any relevant agreement with the Secretary of State.

TEFAT Board of Trustees will obtain the Charity Commission's prior approval for paying a Trustee for acting as a Trustee.

TEFAT Board of Trustees will ensure that senior employees' payroll arrangements fully meet HM Treasury's tax requirements.

TEFAT Board of Trustees will ensure that any gifts given by the academy Trust have the reason fully documented and have regard to propriety and regularity in the use of public funds.

Given the individual consideration to the funding needs and allocations of each constituent academy, TEFAT has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund.

TEFAT Board of Trustees maintains due regard to the funding needs of their individual academies and will use their allocated GAG funding for the full benefit of their current pupils. TEFAT will only maintain a substantial surplus where they have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project.

TEFAT Board of Trustees will ensure that no PFI funding will be pooled across the Trust.

TEFAT will ensure that all information is provided to ESFA if it is deemed to be within scope of an annual funding audit. Funding audits allow ESFA to gain assurance on the key raw data provided by an academy Trust which are used in the calculation of the GAG.

7. TEFAT Audit Committee

Composition, attendees, quorum & reporting

The Audit Committee ("the Committee") is a committee of the Board of TEFAT and reports directly to the Board. The members of the Committee are appointed by the Board and will include a minimum of one member of the TEFAT Board.

None of the members of the Committee are to be employed or otherwise remunerated by TEFAT.

The CEO, the Finance Trustee and at least one other TEFAT Trustee will normally attend the Committee meetings, not as members of the Committee attend, but to provide



information and participate in discussions. The responsible officer, external auditors and finance team members will be present as appropriate.

The Committee has the authority of the Board to access any information or employee of TEFAT while undertaking its responsibilities and to obtain outside professional advice without further recourse to the Board.

Until otherwise determined by the Committee, a quorum shall consist of three members.

The Committee will meet at least once per academic term and additionally as may be necessary.

Responsibility for minutes of meetings will be reviewed by the Board when approved by the Committee Chair.

Specific Responsibilities of the Audit Committee

To ensure the integrity and timely delivery of the annual statutory accounts, and statutory returns produced in accordance with the requirements of the Companies Act 2006, DfE guidance and Charity Law.

The committee's work is focused on providing assurances to the board of Trustees that all risks are being adequately identified and managed regarding:

- reviewing the risks to internal financial control at the Trust;
- agreeing a programme of work to address, and provide assurance on, those risks.

The committee's oversight extends to the internal financial controls and management systems and risks at all constituent academies.

Reviewing the reports of any bodies delegated to undertake Responsible Officer activities, and external Auditors on the effectiveness of the financial procedures and controls.

To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.

To monitor and review procedures for ensuring the effective implementation and operation of the Trusts whistleblowing policies.

Oversight of information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims completed by the Trust and by constituent academies, is accurate and in compliance with funding criteria.

Reviewing the external auditor's independence and objectivity.



Developing and implementing the non-audit services policy.

8. TEFAT Finance Committee

Composition, attendees, quorum & reporting

The Finance Committee (“the Committee”) is a committee of the Board of TEFAT and reports directly to the Board. The members of the Committee are appointed by the Board and will include a minimum of three members of the TEFAT Board.

The Chair of the Committee will be a member of the TEFAT Board and will not be an employee or otherwise remunerated by TEFAT.

The CEO, the Finance Trustee and at least one other TEFAT Trustee will normally attend the Committee meetings, not as members of the Committee attend, but to provide information and participate in discussions.

The Committee has the authority of the Board to access any information or employee of TEFAT during undertaking its responsibilities and to obtain outside professional advice without further recourse to the Board.

Until otherwise determined by the Committee, a quorum shall consist of three members one of which should be a non-remunerated by TEFAT Board member.

The Committee will meet at least once per academic term and additionally as may be necessary.

Responsibility for minutes of meetings will be reviewed by the Board when approved by the Committee Chair.

Responsibilities of the Finance Committee

To consider the academies indicative funding, notified annual by the DfE, and to assess its implications for the Trust, in consultation with the CEO and Financial Trustee in advance of the financial year, drawing any matters of significance of concern to the attention of the board.

To monitor and review the level of reserves and ensure that they are maintained to meet the Trustees objectives to provide the charity with adequate financial stability and the means to meet its charitable objectives for the foreseeable future. The level of reserves that are required to ensure that they are adequate to fulfil the charity’s continuing obligations are reviewed at every finance committee meeting.

To consider and recommend acceptance/non-acceptance of each academy’s budget, at the start of each financial year. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of



any contingency fund or balances, ensuring the compatibility of all such proposals with the TEFAT and academy development priorities.

To contribute to the formulation of each academy's development plan, through the consideration of financial priorities and proposals, in consultation with principals, with the stated and agreed terms and objectives of each academy.

To receive reports on staffing, as appropriate, and make recommendations about the financial aspects of matters being considered.

To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Trust.

To establish and maintain a structure for delegated authority.

To observe that the tendering process has been followed for the higher value purchases and contracts as outlined in the scheme of delegation.

To receive reports on all incidents of non-compliance with procurement guidance that risked a loss of more than £1,000 if a loss was incurred.

To establish and maintain a TEFAT Procurement Guide and ensure a register of high value contracts is maintained and kept up to date.

To monitor reports of cash flow.

To monitor summary reports of actual expenditure and income by Academy against budget supplied by the Finance Trustee.

To monitor all material movement of current assets and liabilities within consolidated monthly management reports.

To monitor summary reports of forecast end of year out-turn by Academy supplied by the Finance Trustee.

Reviewing or investigating any other matters referred to the Committee by the Trust Board.

Drawing any significant recommendations and matters of concern to the attention of the Trust Board.



Appendix I - Related Party Transactions

Purpose

This policy is intended to enable the Finance Committee and the Board of Trustees to consider the approval and reporting of transactions between TEFAT and any of its Trustees, nominee Trustees, Executive Officers and any entities or persons related to them. Such transactions are appropriate only if they are in the best interest of TEFAT and its Academies. TEFAT is required to disclose in its annual audited financial statements certain transactions between it and Related Parties as well as its policies concerning transactions with Related Parties.

Policy

All potential Related Party Transactions must be reported to the Finance Trustee and CEO and, if determined to constitute a Related Party Transaction, referred for approval or ratification by the Finance Committee in accordance with this policy. This policy is in addition to the provisions dealing with conflicts of interest published on TEFAT's website.

Identification of Potential Related Party Transactions

Each Trustee, nominee Trustee and Executive Officer is responsible for providing prompt written notice to the Finance Trustee or CEO of any potential Related Party Transaction involving him or her or his or her Immediate Family Members or entities in which they have a controlling interest, including any additional information about the transaction that may be reasonably requested. The Finance Trustee in consultation with the CEO, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Finance Trustee or CEO should receive notice of any potential Related Party Transaction well in advance of consummation of the transaction so that he or she has adequate time to obtain and review information about the proposed transaction. Ratification by the Finance Committee of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however ideally Related Party transactions should be reviewed and approved in advance.

Review and Approval of Related Party Transaction

To review a Related Party Transaction, the Finance Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to TEFAT and to the Related Party, and any other relevant matters. In determining whether to approve or ratify a Related Party Transaction, the Finance Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair to TEFAT and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for TEFAT to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise independent Trustee or nominee Trustee;
- Whether TEFAT was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to TEFAT; and
- Whether the Related Party Transaction would present an improper conflict of interest for any Trustee, nominee Trustee or Executive Officer of TEFAT, taking into account the size of the transaction, the overall financial position of the Trustee, nominee Trustee, Executive Officer or other Related Party, the direct or indirect nature of the Trustee's, nominee's, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Finance Committee deems relevant.

In any case where the Finance Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Finance Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

Regarding any review of a Related Party Transaction, the Finance Committee has authority to modify or waive any procedural requirements of this Policy. If the Finance Committee or its Chair determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

All such transactions are required to be disclosed in the register of business interests and in the annual audited financial statements. Related parties arise where one party has control or influence over the other, or where the parties are subject to common control. The ESFA's Academies Accounts Direction 2017 sets out that, for academy trusts, related parties include:

- parties with control over, or controlled by, the entity (for example parent and subsidiary companies)
- parties having significant influence over the entity
- key management personnel of the entity, including any Trustee, or nominee Trustee, whether executive or otherwise
- close family members, being immediate family members, of any of the above
- others subject to control or significant influence by any individual referred to above

Related party transactions include the purchase, sale, lease or donations of goods, services, property or money. All such transactions undertaken by the Trust with related parties must



be disclosed in the annual audited financial statements and be regarded as material regardless of their size.

“Immediate Family Member” means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a Trustee, nominee for Trustee, Executive Officer or Significant Shareholder, and any person (other than a tenant or employee) sharing the household of such Trustee, nominee for Trustee, Executive Officer or Significant Shareholder.

“Related Party” means any person who is or at any time since the beginning of TEFAT’s last financial year was: A Trustee, nominee Trustee or Executive Officer of TEFAT; or A Significant Shareholder; or An Immediate Family Member of any of the foregoing persons.

“Related Party Transaction” means: Any transaction directly or indirectly involving any Related Party that would be required to be disclosed under accounting standard FRS102, or any currently proposed transaction, involving TEFAT, any majority-owned subsidiary of TEFAT, including joint ventures, or any minority-owned subsidiary, including joint ventures, controlled by TEFAT,

Policy Interpretation and Updates

This policy will be reviewed and updated where necessary.