

ILLUMINATE MINDS TRUST

Finance Policy



Date of Next Review:	April 2026
Date of Review:	April 2025
Lead Professional:	Chief Financial Officer
Status:	Advisory

FINANCE MANUAL

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1. Purpose of policy and guiding principles

Illuminate Minds Trust (MAT) as a recipient of public money has an obligation to HM Treasury, the Secretary of State and the Education and Skills Funding Agency (ESFA) in upholding regularity in applying the funds for the operational costs of each academy.

The MAT is committed to the transparent use of public funds and to ensure it provides value for money. This policy outlines the financial procedures to be used in any academy in our trust to ensure these are maintained and adhered to.

By implementing this policy each academy will ensure efficient and effective stewardship over its financial activities by a robust system of procedures.

Within this document the terms 'Trustees' and 'Directors' are used interchangeably but mean the same group of people known to MAT as the Board of Directors.

2. Links with other policies or legislation

The ESFA require the trust, as outlined in the latest version of the Academy Trust Handbook (ATH), by the terms of its funding agreement or supplemental funding agreements to:

- Manage and maintain a financial oversight
- Have finance control principles in place
- Ensure future financial plans are projected
- Adhere to public funds procurement rulings
- Manage risks accordingly
- Be transparent about governance
- Have a whistleblowing procedure in place

The ATH sets out the areas of HM Treasury's 'Managing Public Money' guidance on financial management in upholding the "use of its resources efficiently, economically and effectively, avoiding waste and extravagance". It also reflects HM Treasury's 'Regularity, Propriety and Value for Money' guidance to propriety and regularity and 'The 7 Principles of Public Life'.

The trust must investigate any suspected fraud or misuse of funds as outlined in the Staff Disciplinary Policy. We will ensure we utilise our Fraud Response Plan in relation to this as detailed in note 38 within this document. The ESFA would also be informed on any occurrences as soon as is operationally practical to do so, based on the circumstances.

Other internal policies and procedures linked to the Finance Policy are:

- Fixed Assets Policy
- Investment Policy
- Reserves Policy
- Charging and Remissions Policy
- Expenses Policy
- Scheme of Delegated Authority
- Pay Policy
- Whistleblowing Policy

3. Consultation

- The Chief Executive Officer (CEO) as Accounting Officer, Chief Operating Officer (COO) and the Chief Financial Officer (CFO) have been consulted on this policy.
- This policy will be reviewed regularly and may be changed to reflect the needs of each academy or the funding regulations from the ESFA as applicable.

4. Governance - Terms of Reference for all Committees

Members

The Members are the key decision makers and have over-arching power to ensure the ethos and educational vision is embedded in all institutions within the Trust. They in turn appoint a Board of Directors (BoD) who are in place to hold the CEO and all Local Governing Bodies (LGBs) to account for the performance of their school. They have an over-arching and strategic role, ensuring that their vision for the character and ethos of any academy in the trust, and its role in the local education system, is carried forward. They are also responsible for setting the key policies, agreeing and monitoring key objectives, overseeing the trust's budget and accounts, and being involved in Director appointments. They adhere to the Company Articles of Association, details of which can be found on Companies House or on the MAT website Company Articles of Association (<https://www.illuminateminds.org/funding-agreement-and-articles-of-association/>).

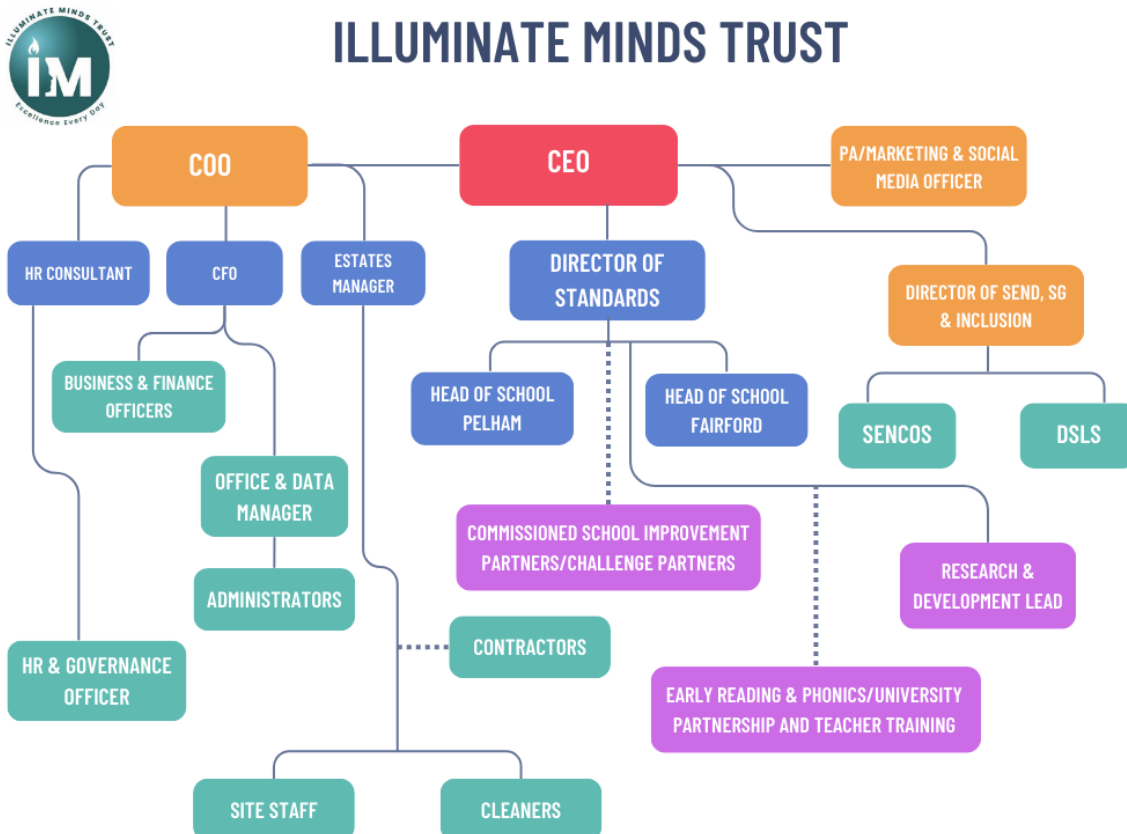
Terms of Reference - Board of Directors - reviewed annually.

Terms of Reference - Audit Committee - reviewed annually

Terms of Reference - Local Advisory Board (LAB) - reviewed annually

5. Organisational Structure

Governance



Finance staffing



6. Finance Accounting System

The finance team use an accounting software package called IRIS. It is set up to allow the finance members of staff to be able to input data and create reports for analysis.

This system is a cloud-based system which can be accessed from any site. This ensures access is possible on site or remotely to allow for ease of growth within the finance function as the team and the trust constituent academies continue to grow. The system has all the basic accounting system functions of purchase and sales ledger, cash book, nominal ledger, and trial balance reports. Invoices are scanned into the system for easier analysis via copy invoices and to assist year end audit reviews.

The accounting package that each academy uses also has an online purchase ordering function that is built around our scheme of delegation. This certain authority for order requisitions to be placed, which are in turn sent for approval to the relevant budget owner. Budget owners can review their assigned budgets and expenditure at any point throughout the year. Approval limits are set within the system ensuring that the COO/CFO and Head of Schools are required to add another level of approval in the system if the order is over a specified value or a certain number of quotes are required.

All members of the finance team have access across the system, although there are certain restricted rights in place (for example CFO has access to all functions whereas a Finance Assistant has limited access in amending budget owners etc.) The system is used to monitor and review all budgets and change/update user access as required. The online program is explained in further detail in the purchase ledger processes.

7. Payroll System

The MAT payroll is administered by Data Plan Payroll. Payments are made via BACS unless time has not allowed for a new member of staff to be set up with BACs whereby a cheque or bank transfer will be issued.

- Bank account details.
- Taxation status.
- Personal details.
- Any deductions or allowances payable.

Changes to existing staff and new appointments are signed off by the Chief Executive Officer, Chief Operating Officer and HR Director and entered onto Every HR by HR department. Any amendments to the Chief Executive Officer's appointment are to be signed by the Chair of Trustees.

HR department will ensure all staff absences including sickness and other absences during the month are recorded on Every HR. Additional hour claim forms are checked by the Chief Financial Officer and processed for payment the following month.

8. Scheme of Delegated Authority

In accordance with the Academy Trust Handbook (ATH) published for each academic year, MAT will operate in accordance with the responsibilities defined by role (for example, Members, Trustees/Directors, Accounting Officer) as set out by the ESFA. The ATH is generally updated at least once a year by the ESFA to reflect any changes in funding or legislation and all the finance team across the trust are kept up to speed with any changes that are applicable to our academies and external initiatives.

The MAT has a separate Scheme of Delegated Authority which is kept up to date under the Governance section on the Illuminate Minds Trust's website (<https://www.illuminateminds.org/>) this sets out the Scheme of Delegated Authority for Financial Authorisation Levels. The document is easily accessible from the Trust website with the specific link:

<https://primarysite-prod-sorted.s3.amazonaws.com/illuminate-minds-academy-trust/UploadedDocument/19f08e59-6151-4365-8898-ac51bb429218/scheme-of-delegation-23-24.pdf>

9. Budget Planning

The **Board of Directors** are required to:

- Create a 3-year MAT budget led by the Chief Operating Officer or Chief Financial Officer along with the Accounting Officer, considering funding formulas provided by the ESFA and any other funding details available.
- Ensure that total planned expenditure does not exceed budgeted income and there is a balanced budget for future years, appreciating that each academy can have a year where it experiences significant changes. If that is the case, it needs to provide a robust financial budget to navigate these changes so that the future financial stability of the trust isn't compromised.
- Produce an assumptions sheet which forms the basis of the three-year budget that is open to scrutiny and challenge. The assumptions will provide a varied basis of student numbers, inflationary increases, projected staffing increments and standard of living increases etc.
- An in-year deficit budget can be set if there are viable reasons for the position. The budget must be either covered by brought forward surpluses or submitted to the COO/CFO with an acceptable time scale plan to recover the deficit position.
- Ensure the three-year budget which consolidates all academy budgets is approved by the Board at least one month prior to the start of the academic year and submitted to the ESFA; accordingly, current deadline for this is 31 August.

10. Budget Planning Process

The process of creating the three-year budget is as follows:

- Through regular meetings, the Heads of School, and other Senior Leaders in the Trust arrive at a suitable teaching staffing model and any vacancies identified alongside a support staffing plan to assist the teaching requirements.
- The ESFA notify each academy via the COO/CFO of the MAT of their School Budget Share (SBS) or General Annual Grant (GAG) income allocation by the end of February for the following year's income.
- Note that GAG allocation statements for February and March opening academies or in-year transfers will

usually be issued by the end of April.

- Each academy with input from the Heads of Schools arrive at a suitable one-year budget in their set of budget meetings based on the overall staffing position known, assuming a performance management increment and all other budgets pulled together based on historic information alongside any other potential areas for movement in the coming periods.
- The CFO robustly challenges the proposed inflationary increases (salaries, materials and services) with the Accounting Officer before providing a trust overview of agreed assumptions to finance leads which are used to produce consistent three-year budgets.
- This is then developed in mind for the following two years including any other projects or amendments known at that time, including any changes to student numbers.
- The Finance lead in each academy then holds meetings with all budget owners to discuss and agree the projected budgets for the following financial year. The aim is to ensure there is an acceptance and understanding to work within the agreed budgets in the coming financial year. Budget owners are consulted and involved in setting the budget annually, and in year when necessary.
- Once all is confirmed, the budget is submitted to Trustees for approval.

11. Budget Implementation

Once the new budgets have been approved, the COO delegates to the CFO to create budgets on the accounting system for the academic year.

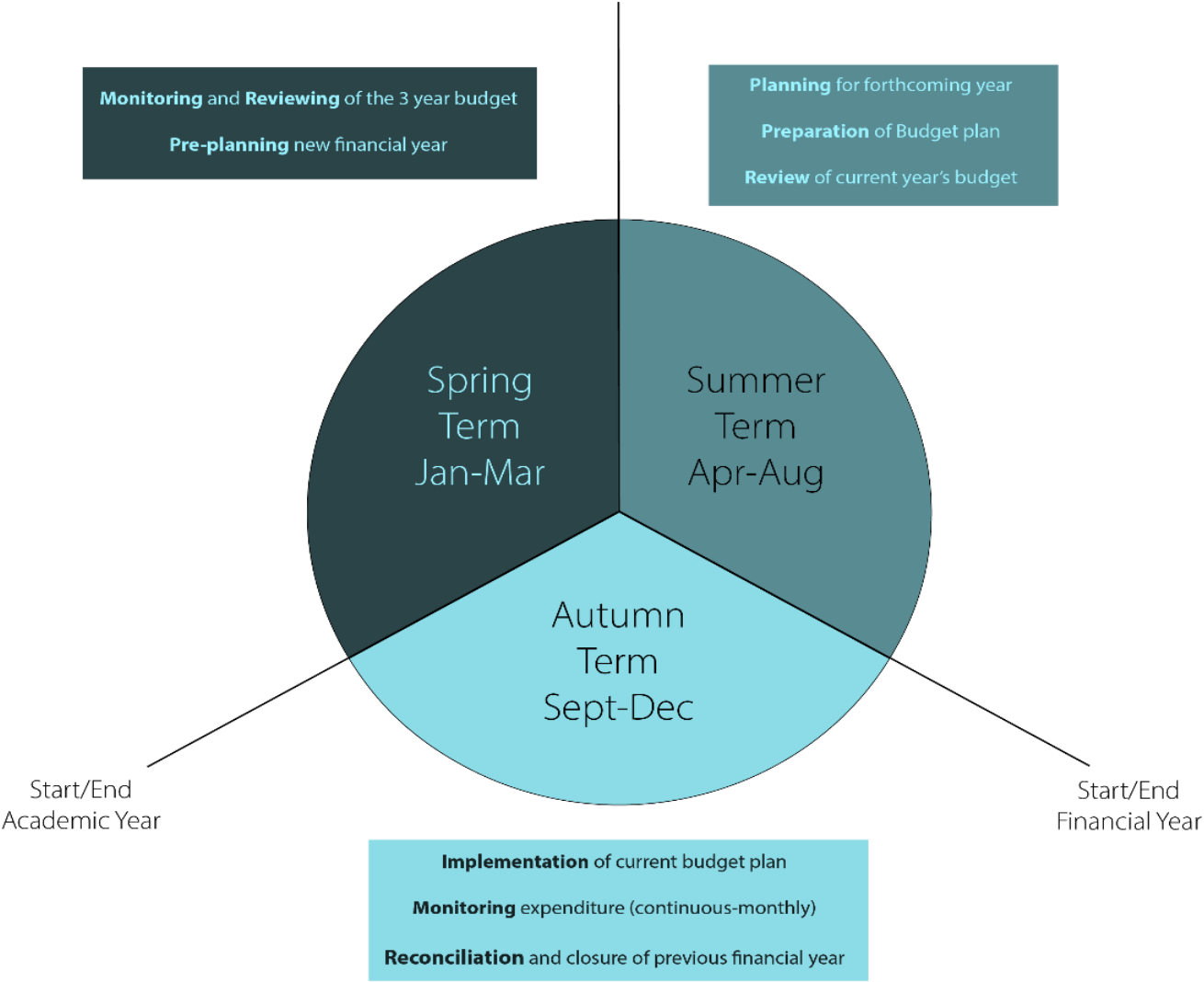
Capitation (or departmental spend) letters are created and sent in advance of the new budgets going live. This allows budget holders to designate duties of placing requisitions to a member of their respective teams. For example, Curriculum Leaders will be the budget owner for their area and will delegate to another member of staff to be able to place purchase orders on the system. The budget will be 'live' on the first day of the academic year ready for requisitions.

12. Budget Monitoring

As part of the ESFA guidance the trust must prepare management accounts every month setting out its financial performance and position. These management accounts must be shared with the Chair of Directors every month and with other Directors six times a year. Question and challenge can be communicated by email or over a brief remote meeting as required.

We utilise our Audit Committee and also the Board of Directors to ensure we get full coverage across the financial year at meetings with a more strategic finance focussed Board meeting twice a year. One meeting usually around November/December time to conclude the year end position just completed and one meeting to propose and approve a future three-year consolidated budget position.

The Budget



13. Reporting

Each academy produces reports for both internal and external use.

External Reporting

The MAT central finance team adheres to the ESFA Budget Reporting cycle for the following reports/submissions:

- School resource management self-assessment tool checklist by April
- Budget forecasts return by July for future years budgets
- Land and buildings collection tool by October
- Annual accounts return in January for previous year's Finance Statements
- Annual (audited) Financial Statements by December for the August year end
- Filing of financial statements with Companies House
- Submit the land and buildings valuation return (if applicable)
- Inform and liaise with Directors on their responses to the "Dear Accounting Officer" letters sent by the ESFA on an ad-hoc basis

The dates could change as directed by the ESFA.

The production of these reports adheres to Charity Commission's Statement of Recommended Practice (SORP) and up-to-date legislation relating to accounting treatments.

Other External Reporting is as follows:

- Teachers Pensions End of Year Certificate (externally audited prior to submission)
- Teachers' Pension Monthly Data Collection submission
- West Yorkshire Pension Fund - Monthly Return
- HMRC Monthly VAT Returns
- HMRC Monthly payroll reports for tax and national insurance
- Any other reporting as required (e.g., reporting on funds spent from additional grants or Teaching School audit reporting on spend)

Internal Reporting

The Multi-Academy Trust in its efforts to ensure sound financial management has an internal reporting procedure in place recognised as budget monitoring (as above) or Monthly Management Accounts.

This is controlled by the CFO who receives and co-ordinates all academy budgets for central quality assurance and distribution to the Chair of Directors and Chair of Audit Committee.

Chief Financial Officer / Chief Operating Officer ensure Budget Monitoring reports are reviewed every half term with the Heads of School, and other Senior Leaders as applicable.

14. Budget Management

Performance Analysis

Chief Financial Officer / Chief Operating Officer monitors actual spend alongside a working flexed budget and produces a budget monitoring report for the budget holders each half term.

This report ensures it reports on the variance from the previous financial position and adds an overview commentary on any main changes in income, expenditure and overall variances. It also includes a more detailed commentary on a line-by-line basis to add further clarity and understanding to the financial information presented.

All budget monitoring reports produce a Revenue and Capital report ensuring CEO and Trustees have an overview on the running revenue finances and any capital projects projected. Note any overspent Capital funds (including brought forward positions) must be transferred/funded from Revenue funds within the year.

Each academy will need to finalise an accurate September to March actual expenditure position for the central MAT finance team to submit the Budget Forecast outturn to the ESFA, the current deadline for this is May, and these actual positions will form part of the projected brought forwards finances for the future three-year budget.

15. Annual External Financial Statements Audit

At the end of each academic year, the trust must produce a set of independently audited financial statements to 31 August of that year prepared under Charities SORP (Statement of Recommended Practice) and the ESFA's Academies Accounts Direction. The trust must submit the audited accounts to the ESFA by 31 December of that year and file the accounts with Companies House Registrar as required by the Companies Act.

In conjunction with the financial statements audit, the auditors will compile a regularity report to provide assurances that all income and expenditure received during the year has been applied for the purposes in which it has been intended. The financial statements have to be published on the trust website by 31 January (following the year end 31 August) and two years accounts should be retained on the trust website.

An external audit team are appointed by the Finance and Audit Committee to certify that the financial statements give a true and fair view and that the trust continues to be a going concern. The Financial Statements and the findings report are sent to the Audit Committee for review and approval. They are then in turn offered as a recommendation to the Board of Directors for approval at the annual general meeting which is usually in November/December of every year, at which the Accounting Officer and Chair officially sign off the accounts.

There is a general requirement that the external audit process should be re-tendered at least every 5 years and the Finance and Audit Committee will form part of the review of the tender document and appointment of the new external auditors alongside management.

Teachers' Pensions Audit

To comply with the rules set out by the Teachers' Pensions Scheme (TPS) the MAT will appoint an auditor to test the application of the scheme rules. The external auditors are usually the named auditors to review the payroll reports, sample check the TPS workings, report their findings and sign off the Audit Report required by Teachers' Pensions before submission. This is done centrally as a MAT consolidated process and is produced and managed by the MAT Finance department.

Declaration of Interests (DOI)

As part of the annual audit process, we are required to maintain a declaration of interests register which is checked for accuracy annually. This annual update should cover Members, Directors, Local Governors, Senior Leaders and Finance staff in all schools. It is the responsibility of each individual to update HR and Finance if anything changes during the year.

Every member of staff is required to sign a DOI form prior to starting with the trust and it is the individual's responsibility to inform the trust HR department if anything changes in that regard during the year.

16. Banking

Choosing an Account

- The trust is responsible for selecting the banking institution and negotiating the terms and conditions. This is currently held with Lloyds Banking Group.
- The Board of Directors must authorise the opening of all bank accounts. Any changes to the bank accounts including the opening of new bank accounts must be authorised by CEO and Trustees
- Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts are at the discretion of the Chief Operating Officer, Chief Financial Officer and Accounting Officer.

- Each academy must ensure there are sufficient funds to cover large payments.
- A current account can be opened to enable invoice payment by our preferred option of BACS payments. This account may pay interest on the balance.
- Also, a term deposit account can be opened for each academy and the trust. The account can hold each academy's main balance or amounts can be transferred in order to attract a higher level of interest. Please see the Investment Policy for further clarification.

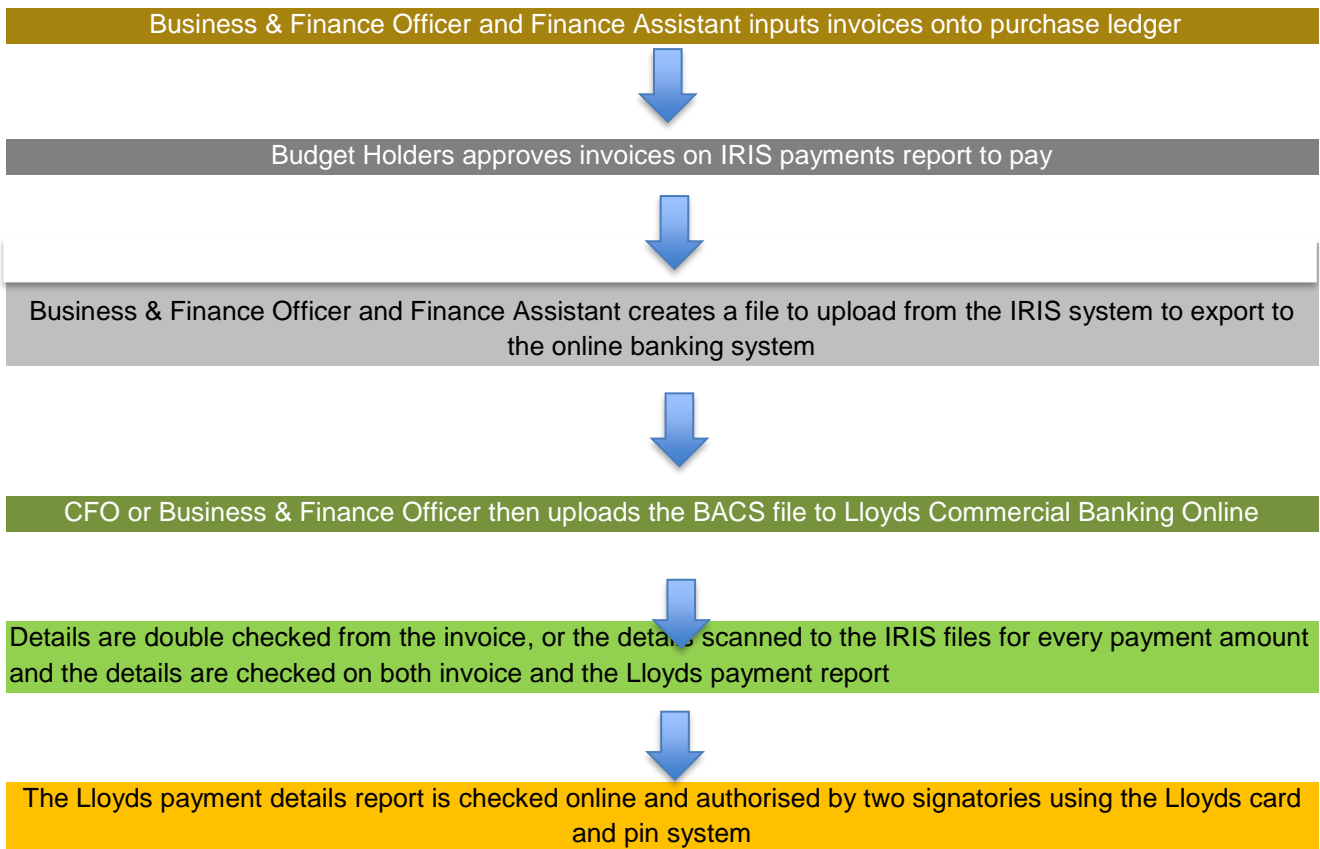
Bank Mandate

- All BACS payments require two signatories/approvals for internal control purposes.
- At least three signatories should be registered for all MAT accounts (CEO, CFO, Director of Standards, as appropriate).
- The bank mandate must be updated when relevant staff leave the employment of each academy, and this is the responsibility of the CFO/COO.

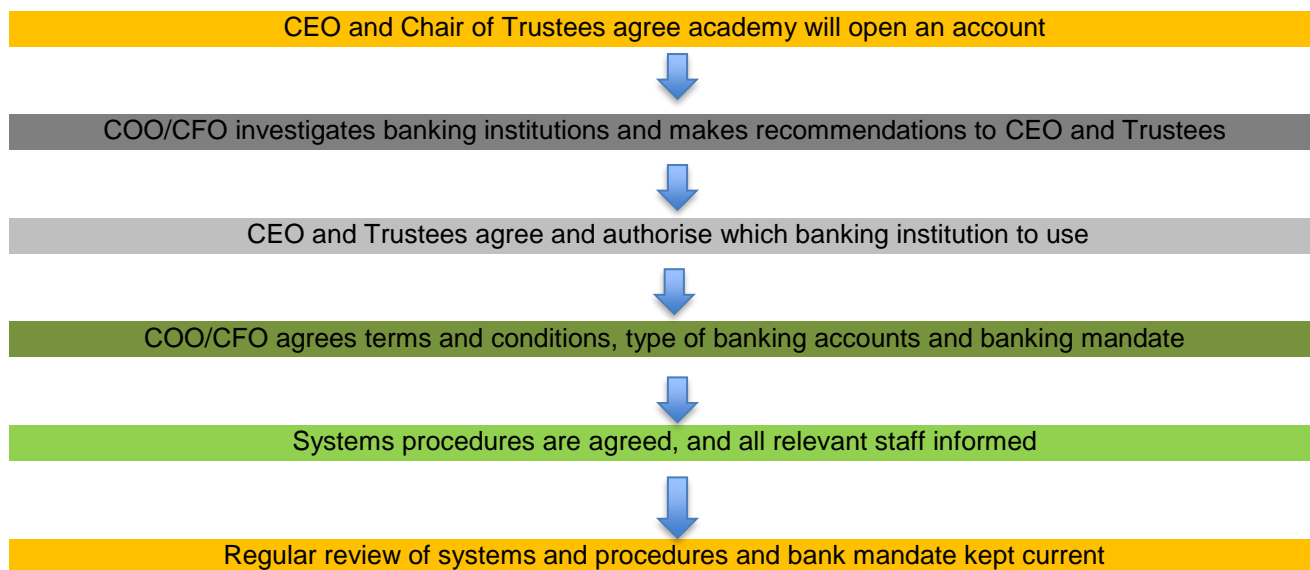
Controls of the Bank Account

There must be a segregation of duties between the authorisation, preparation and issue of a BACS payment. No one who prepares and issues the BACS file may also sign it, without a second signatory who has not been involved in the BACS file preparation and submission.

Flowchart of payment process BACS and Cheques



Flowchart - Opening a Bank Account



17. Cash Flow

- As each academy bank account cannot go overdrawn, cash flow is monitored closely.
- A cashflow statement is produced as a part of the monthly management accounts.
- All relevant parties are made aware of any large payments which could cause problems due to payment limits or cash flows.
- We will inform the ESFA if there is any anticipation of a temporary cash flow problem with reasons for the problem.
- Cash flow is monitored to ensure there is parity between cash flow and budget expenditure.

Bank Reconciliation

The bank is reconciled on a working weekly basis, by the CFO. This is done through the Bank Reconciliation section on Accounting Software and each month is signed off and filed for audit purposes and then checked and countersigned.

18. Direct Debits

Direct debits are used only for the following services to give each academy more control over its bank accounts:

- Utilities such as Gas, Electric and Water
- Rates - Local Authority Business Rates
- Other services such as Telephones

Board of Trustees delegate authority to the signatories within each academy to use direct debit arrangements where appropriate but each academy must:

- Record each direct debit set up, listing payment details, dates, length to run etc
- VAT can be re-claimed, provided supplier submits a VAT statement/invoice
- Reconcile direct debits regularly
- Be aware of direct debit payments due when calculating cash flow

19. Supplier Set-Up Procedure

Before setting up a new supplier on the Accounting Software system the supplier has to complete a new supplier form in which it asks for the company details, an example of the form is on the next page.

This procedure is in place to remove an element of fraud risk and to verify that the company is a bone fide entity recognised by Companies House. The delegation for approving new supplier forms falls with the CFO and the Finance department but if there are any concerns they should be raised to the COO.

We use a single new supplier form across the MAT, suppliers are given a unique code once set up centrally. All contractual information is stored on the finance accounting system.

Any self-employed suppliers are checked for IR35 compliance by HR department, to ensure we adhere to HMRC guidance for each relationship and the online question form (<https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>) is used to ensure we are compliant. All parties that utilise self-employed staff are aware of the rules in regard to IR35 and substitution of the roles in regard to this.

20. Credit Cards

The following staff are authorised users and hold academy credit cards. They have read and agreed to follow the procedures detailed below:

- Heads of School at each academy location
- Trust Estates Manager
- CEO PA

The cardholder will be responsible for the ownership of a credit card and adherence to the procedures set out for credit card use.

Each academy will review and control the use of the cards, finance staff will oversee the following:

- All cardholders - Up to £3,000 per month
- Any changes to the limits to be approved by the COO/CFO.

Card payments must be reconciled monthly with all receipts and signed off by the Budget Holder. The CFO will sign and approve when reconciling the payment to the credit card provider statement. In the event of any absence, the CFO can sign and approve all but their own.

- Credit cards can only be used in conjunction with the core purpose of each academy and any discrepancy will be investigated. If the use is found to be not in line with academy business the user may be subject to disciplinary proceedings.
- Only in an emergency can the CEO and/or CFO increase the card limits to cover increased unexpected expenditure.

21. Security and Back-up

- The IRIS Finance System is a cloud-based application that is managed by IRIS who also control the backup schedule. IRIS run a rolling 7-day backup and this runs at 00:05am every night. They also run monthly and annual backups. The accounts package is password protected.
- Spreadsheets containing budget and salary information are password protected saved within the network drives.
- Our payroll provider Data Plan Payroll is a cloud-based system and these backups run overnight daily and weekly.

22. Purchase Order Processing

Illuminate Minds Trust use an online ordering system that is part of the IRIS Accounting package to keep costs down on paper and printed order books. The system allows purchase ledger invoices to be scanned and linked to the invoice on the system, which saves a lot of time with filing.

Only designated people are allowed access to the system and their log in details are created and managed by the finance team at each academy. There are different levels of access which offer different levels of authority. Budget holders are given access to approve purchases on their budget, which ensure they can monitor and review their budgets. Staff that can place requisitions on the system are only given access to this function if they are not a budget holder.

The annual budget is split down to various cost centres to allow for operational use at academy level. The CEO, Executive Head and/or CFO is responsible for setting the budget owners. Although they can be amended to suit each academy they generally consist of the following groups of individuals:

Jo Southby (CEO), Beverley Evans (Trust Director of SEND Safeguarding and Inclusion), Sam Robinson (Executive Head/Director of Standards), Aman Aujla (Head of School), Cara Took (Head of School), Steve Hallinan (Estates Manager), Sandra Williams (Chief Financial Officer), Umar Jillani (Chief Operating Officer).

The process:

- When goods are identified as needed, a requisition is placed on the online system by a delegated person on behalf of the budget owner.
- An email is sent to the budget owner notifying them that there is an order to approve.
- The Budget Holder logs on and approves the order within the scheme of delegation limits.
- The approved order then awaits the allocation of an order number on the accounts package.
- The Finance admin, on a daily basis, checks the Purchase Order section and pulls through any approved orders and the system generates an order number. This is then sent by email or post to the suppliers.
- Orders are kept as 'Live Orders' on respective supplier accounts and matched off when the goods/service are received, and the invoice is posted to the account.

Members of the finance team can place requisitions on all budgets and have access to review these budgets. This is to enable the team to provide support when necessary. Confidentiality of budget information is to be always maintained and staff have to be specifically approved to be able to view other budgets.

At least every quarter, the live orders system is reviewed by academy-based finance teams and checked to make sure any orders that are over three months old are dealt with accordingly (cancelled, chased for invoice etc.).

23. Purchase Ledger - Goods receipt, invoices, returns and payments, related party transactions

- Goods that are delivered to each academy can only be accepted by either the main reception, a member of site or finance team at the dispatch area or catering goods at each academy kitchen entrance.
- Once received, items are then delivered (usually) by the site team to their respective area (e.g. books to English), the order is checked to make sure all goods have been received by either a Curriculum Leader (Budget Owner), a Deputy Curriculum Leader or Technician (if applicable). Once checked the delivery notes and/or invoices are signed off and passed to finance to say all goods listed on the delivery note have been received with no discrepancies or faults.
- If there are missing items of stock compared to the delivery note or goods arrive that are damaged or faulty, this is raised with a member of the finance team who will endeavour to resolve the issue in a timely manner. Invoices will not be processed on the system or paid until an adequate resolution is met.
- Once the goods are signed off, the Finance Officer, Assistant or Apprentice will process the invoice on the system matching it off to the order placed. The signed delivery note is attached to the invoice, if the invoice has not already been signed by the budget owner.
- The CFO or Business and Finance Officer on a weekly basis producing a payment run by selecting invoices that are due for payment. Each academy terms for payment are 30 days from invoice date unless other terms are stipulated by the supplier.
- The accounts package populates the bank run on a file once the invoices have been approved.
- Business and Finance Officer then exports a BACS file to the online banking system and prints a payment details report summary listing all the suppliers and their payments.
- All bank details are checked to a sample of invoice or scanned document on suppliers account, if not listed on the invoice.

- Supplier forms are uploaded to PSF file
- The payment run is then goes through the process of approving the payment online through Lloyds Commercial Banking.
- The payment is then passed to a second authoriser to again sample check and authorise online.
- The IRIS finance system has invoices scanned in for ease of viewing.

Services supplied to each academy go through the same process for posting but the docket left by the company is treated like a delivery note and signed accordingly.

Invoices and paperwork for returned or missing goods are placed in a hold file until resolved. CFO checks monthly for an update on conclusions to invoices and orders in dispute to ensure a timely resolution.

Supplier statements are checked monthly to the individual supplier accounts and any missing invoices or payments are chased up accordingly and the statement is then scanned and saved onto the supplier account for audit purposes.

There may be extenuating circumstances to which a 'Faster Payment' is required to secure goods/services. This is solely under the discretion of the COO/CFO but requires the same level of budget holder approval, however the payment can be sent through a quicker system. The payment still requires two online approvers on the bank system.

Related party transactions (RPT)

FRS 102 requires all transactions with related parties to be disclosed in the accounts so that users can gain a full understanding of them and of issues that might have influenced them. Disclosure provides accountability and transparency to the public and demonstrates that potential conflicts of interest are being identified and reported, as stated in the Academies Accounts Direction.

The CFO is responsible to assess the declaration of interests and identify any related party and ensure these transactions are identified and reported, gaining approval from the ESFA where necessary before entering the contract or service.

- Any transaction that classes as an RPT the academy trust must:
- Include a statement that, where contracts for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost
- Gain a statement of assurance from the RPT to the academy trust confirming this Academy trusts must report all transactions with related parties to ESFA in advance of the transaction taking place
- Academy trusts must also obtain ESFA approval for contracts for the supply of goods or services to the trust by a related party where certain limits apply

24. Procurement and Tender Procedure

Procurement

As set out in the Scheme of Delegated Authority there are limits for approving purchases but also the obligations Illuminate Minds Trust MAT has as a public body in securing contracts under the OJEU Public Contract Regulations 2006. The threshold is reviewed annually in January of each year. For purchases over £100,000 each academy will adhere to these regulations and seek external professional support when necessary. We will follow the DfE guidance for buying procedures.

For purchases less than £10,000 then a preferred supplier can be used.

For purchases between £10,000 to £ 40,000 three written quotes must be acquired unless agreed by the CFO. Evidence of this process must be sent and logged for audit purposes.

For purchases £40,001 or above a formal tender process of the requirements are sent to selected suppliers who are invited to bid for the works or supply of services to each academy. If the amount of the contract is over the OJEU threshold each academy will follow the process as set in the public bodies' regulations. CFO will document this for audit purposes. The bids for tender will be judged on their merits covering the specification as per the tender document and the value for money it provides each academy. Each academy may not necessarily choose the cheapest option but will choose the best option for each academy and will document its decision for audit purposes. This amount of spend must be approved by the Board of Directors.

Waiver forms can be completed in exceptional circumstances, in cases of any urgent expenses.

Tender Document

- An invitation to tender document is prepared when a contract for services or supplies is needed. It is sent to companies inviting them to submit a tender to each academy. It should include the following:
- Introduction - general information about each academy and what services/supplies are required
- Instructions to Tender - on who to contact should there be any questions and also how to submit the tender
- Freedom of Information (FOI) - the adherence of the FOI act and how information will be treated
- Evaluation Criteria - the factors in which the bid will be judged
- Site Visit - the tendering contractors are invited to visit each academy to get a better understanding of the requirements
- Short-Listed Tenders - explanation of the requirements of short-listed companies in regards to the product or service offered. This may include an invitation to present their tender details to a panel made up of a member of the Audit Committee, the CFO and the Accounting Officer
- Declaration - a section for signatures stating what information has been provided by the tendering contractor is true and correct

25. Sales Invoicing

Types of invoices and frequency

Most of the income into each academy is grant money from the ESFA. This is for the day-to-day operations of each academy to pay for staffing and building running costs to provide an education for the students that attend it. Each academy can use the facilities it has (when not in school use) to raise extra forms of income through external hire and will always review the possibilities of increasing any forms of viable income streams that don't impact on the day-to-day school activities. Each academy operates alongside the 'Charging for School Activities' Notice published by the ESFA on an annual basis.

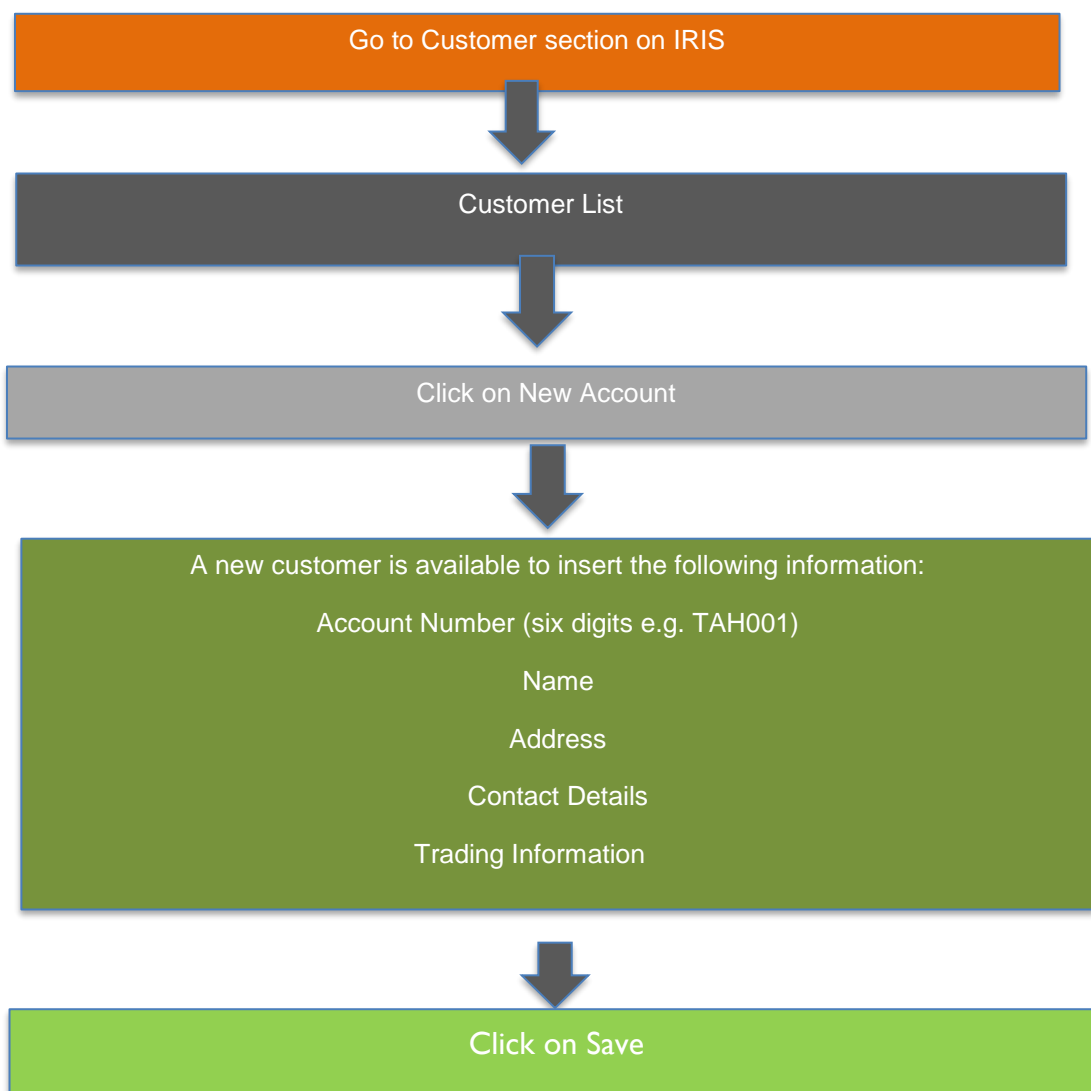
Equipment and Damage to Academy Property

On occasion it is necessary that each academy will invoice students, parents and/or staff for lost or damaged equipment of a negligent nature. Under the Education Act 1996 section 7 each academy reserves the right to charge the cost or replacement fee for such items. All invoices will be at cost plus any applicable administration charge.

Customer Set-up

Prior to set up on IRIS, a new supplier form is sent for completion, and a VAT number registration check is carried out where applicable.

When it is necessary a new customer needs to be set up on IRIS, the following procedure is applicable:



26. Debtors Procedure

The Sales Ledger is analysed twice a month by the Finance Officer or Assistant, who highlights any outstanding debts to the CFO. Payment is expected within our standard payment terms which are 30 days unless other payment terms have been specifically agreed by the COO.

- If debts become overdue and are looking unlikely to be cleared and received the process is stated below:
- Overdue Payment - a phone call is made to the debtor by either the Finance Officer/Assistant/Assistant Finance Manager or the CFO
- First Letter Reminder - sent on behalf of the COO notifying the debt is overdue and payment is required as soon as possible
- Second Letter - Final Notice prior to Court Proceedings - a strongly worded letter highlighting that the debt has not been paid and we intend to take further action should it not be settled
- Third Letter - Notice of Intended Court Proceedings - notice that the academy intends to initiate court proceedings to reclaim the debt
- Initiate Small Claims Court Proceedings - if the debt still isn't cleared or there is no indication or attempt to clear the outstanding debts each academy will apply to the small claims court to settle the matter on our behalf
- If there is outstanding debt, and court proceedings haven't cleared the debt, the discretion to write off bad debts is held with the CFO (within the Scheme of Delegation)

27. Cash - Petty Cash and Cash Handling

Petty Cash

MAT operates cashless policy.

Cash Handling

In exceptional circumstances, parents who are unable to access online payments are able to pay by cash, the cash is collected and recorded by the school office and stored in a locked safe. It will then be checked by the CFO/COO, and gets banked onto the IRIS system.

28. VAT - Types and Calculating

Each academy runs effectively as a trading name of Illuminate Minds Trust MAT, an exempt Charity, that has certain exemptions from VAT as it is classed as an eligible body. VAT Notice 701/30 Education and Vocational Training published and updated on HMRC website is the basis used for most VAT decisions. The finance department will seek further professional guidance if they are unsure in regard to the application of VAT or not.

29. Academy Meals - Reporting

The meal numbers are recorded on Arbor and reported to the kitchen and finance office, to reconcile invoice charges. All student meals are covered by Universal Infant Free School Meals (UIFSM), and London Mayors Meals.

30. Fixed Asset

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried out, net of depreciation and any provision for impairment.

Depreciation is provided on the following bases:

Long Term Leasehold Property	-	Over the remaining useful life
Furniture and equipment	-	25% Reducing balance
Computer equipment	-	25% Straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed asset and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

31. Fraud Response Plan (FRP)

Introduction

Fraud is a very serious matter, and the Board of Directors via the Audit Committee are committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal. Each academy will inform official professional bodies as required (the DfE/ESFA and the police) and may seek compensation via court proceedings.

Each academy is committed to trying to prevent fraud and will continue to ensure its internal controls are adhered to and that all new members of staff are aware of these controls and procedures. A continuous review of systems by the internal audit function may deter attempted fraud and should result in continuous improvements through the recommendations received.

Each academy is responsible via the Heads of Schools to maintain an Operational Risk Register specific to their institution which is submitted to their Local Governing Body for review and monitoring. Items that have a 'red' residual risk are reported up to the Audit Committee by exception by the COO/CFO so the Board are aware of the risk each individual academy is facing at an operational level. This is done in communication with the Chief Financial Officer (CFO) and COO during the production of the Strategic Risk Register (SRR).

The SRR is compiled by the COO and is submitted to the Audit Committee. This committee plays an important part in the monitoring of fraud and the risk it represents to the trust. Similarly, the Risk Management Policy and Statement of Risk Appetite play an important part in the risk aversion attitude of the trust and work in conjunction with this element of the Finance Policy. The Audit Committee have to ensure they approve and monitor the SRR and act accordingly to mitigate any risk facing the trust. Any elements of fraud are reported directly to the Board of Directors.

The Senior Management Group are aware of their responsibility to recognise and identify any areas of potential fraud, the ESFA's anti-fraud checklist is used as a checklist to identify potential fraud or highlight gaps in internal controls.

Definition of Fraud

For the purposes of this plan, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to each academy.

Purpose of FRP

The purpose of the fraud response plan is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud or irregularity. Those investigating a suspected fraud should:

- Aim to prevent further loss
- Liaise with the MAT's insurers via the COO/CFO
- Establish and secure evidence necessary for criminal and disciplinary action
- Inform the police
- Notify the DfE/ESFA
- Endeavour to recover losses
- Take appropriate action against those responsible
- Keep internal personnel and outside organisations that need to know suitably informed, on a confidential basis, about the incident and each academy's response
- Deal with requests for references for employees disciplined or prosecuted for fraud
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud

Initiating Action

Members of staff, students, or members of any part of Governance may suspect fraud or irregularity in each academy. If so, they should report it as soon as possible to the COO, the Accounting Officer and/or the CFO. The person to whom the suspected incident is reported to should then ensure that it is made known to the collective group and the Chair of Audit Committee

The COO should, as soon as possible, chair a meeting of three people of the following group (known as the Fraud Response Team - FRT) to decide on the initial response, using properly appointed nominees where necessary:

- Accounting Officer
- CFO
- COO
- Chair of Audit Committee
- If the actual or suspected incident concerns or implicates a member of this group, the Chair of Board of Directors or Vice Chair of the Board will appoint a substitute.

Responsibility for Investigation

The FRT will then meet a second time chaired by the Chair of the Audit Committee and will decide on the action to be taken. This will normally be an investigation led or directed by the Chair of Audit Committee who may use internal auditor resources to assist the investigation. The Chair of the Board of Directors is kept out of this process in the event of any kind of appeal process.

Prevention of Further Loss

Where initial investigation provides reasonable grounds for suspecting a member(s) of staff, governors or others of fraud, the FRT will decide how to prevent further loss. This may require the suspension of the suspect(s), under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving each academy's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to each academy. Any security passes and keys to premises, offices and furniture should be returned. The Premises Manager should be required to advise on the best means of denying access to each academy while the suspect(s) remain suspended.

Similarly, the ICT Director should be instructed to withdraw without delay any access permissions to each academy's computer systems. The FRT will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate each academy's assets.

Establishing and Securing Evidence

Each academy will follow disciplinary procedures against any member of staff or governor who has committed fraud and will normally pursue the prosecution of any such individual through the criminal courts. The COO or the CFO (in the absence of the COO) will:

- Ensure that evidence requirements are met during any fraud investigation
- Establish and maintain contact with the police
- Ensure that staff involved in fraud investigations are familiar with and follow rules on the collection of any documentation and other evidence in criminal proceedings

Reporting Lines

The FRT will provide and communicate regular update reports to the collective FRT for common awareness and action minutes, which will include:

- Quantification of losses
- Progress with recovery action
- Progress with disciplinary action
- Progress with criminal action
- Estimate of resources required to conclude the investigation
- Actions taken to prevent and detect similar incidents

Notifying the Department for Education (DfE) via the ESFA

Each academy and more specifically the COO, CFO or Accounting Officer will notify the DfE/EFSA of any attempted, suspected, or actual fraud or any irregularities as per the guidance in the Academies Trust Handbook.

Recovery of Losses

The Chair of Audit Committee will endeavour to ensure that the amount of any loss is quantified, and that repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about the need to freeze the suspects assets through the court, pending conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, when the perpetrator refuses repayment. Each academy will normally expect to recover costs in addition to losses due to fraud via the court process.

Final Report

On completion of the special investigation, a written report, normally prepared by the COO/CFO (or Accounting Officer, or Chair of Audit Committee) shall be submitted to the Board of Directors containing:

- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- The measures taken to prevent a recurrence
- Any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken
- The outcome will be reported to the complainant

References for Persons Disciplined or Prosecuted for Fraud

Any request for a reference for persons disciplined or prosecuted for fraud must be referred to the COO/CFO, CEO and the Chair of Board of Directors for advice.

Date adopted by Board of Directors	April 2025
Date for full implementation	April 2025
Date for review	April 2026
Lead Professional	Chief Financial Officer