Orchard Multi-Academy Trust

Financial Procedures Policy

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Statement of intent

It is important for Orchard Multi-Academy Trust (Orchard MAT) to demonstrate that we use public money
appropriately. To ensure that the financial standing of Orchard MAT cannot be brought into disrepute, this policy will be implemented by all academies within Orchard MAT, guaranteeing consistency in financial procedures across the academies. Orchard MAT uses the Top Slicing mechanism across the trust.

This policy applies to all employees of Orchard MAT, Directors and Members, as well as services and goods sourced from external agencies, such as contractors and caterers.
Orchard MAT takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

1. Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- Employment Rights Bill 2025
- Companies Act 2006
- Equality Act 2010
- The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
- DfE Academy trust handbook 2026
- DfE 2024 'Declare or seek approval for related party transactions: summary guidance'
- Data Protection Act 2018
- UK General Data Protection Regulation (UK GDPR)

This policy operates in conjunction with the following Orchard MAT and school policies:

- Teachers' Pay Policy
- Charging and Remissions Policy
- Conflicts of Interest Policy
- Tendering and Procurement Policy
- Gifts, Hospitality and Anti-bribery Policy
- Data Protection Policy
- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Data and Cyber-security Breach Prevention and Management Plan
- Articles of Association

2. Roles and responsibilities

Responsibilities for different groups and individuals within Orchard MAT are set out in full throughout this policy. This section highlights key responsibilities.

The Members are responsible for:

- Appointing, by special resolution, new Members or removing existing Members
- Appointing Directors in line with the Orchard MAT's Articles of Association
- Where necessary, by special resolution, issuing direction to the Directors to take a specific action
- Appointing Orchard MAT's auditors and receiving (but not signing) Orchard MAT's audited annual accounts
- Conducting the business of Orchard MAT in accordance with company and charity law and adhering to Orchard MAT's funding agreement with the Secretary of State

Members will not be employees of Orchard MAT or occupy staff establishment roles on an unpaid voluntary basis.

Orchard MAT will ensure that Members are not currently subject to a section 128 direction and will not appoint anyone as a Member if they are currently subject to a section 128 direction.

The Trust Board is responsible for:

- Applying the highest standards of conduct and governance and taking full ownership of their duties
- Ensuring the Board meets at least three times a year, and conducts business only when quorate
- Approving a written scheme of delegation of financial powers
- Identifying the skills and experience it needs, including sufficient financial knowledge to hold the executive to account
- Managing conflicts of interests and related party transactions
- Approving a balanced budget for the financial year and minuting the approval
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate, and justifiable
- Appointing an audit and risk committee to advise on the adequacy of Orchard MAT's controls and risks. At Orchard MAT due to its size this is combined with the Finance Committee
- Submitting audited accounts to the DfE by 31 December
- Ensuring an appropriate, reasonable, and timely response is given to findings by auditors
- Ensuring that staff involved in managing finance are competent in the use of software systems and reconciliation.

- Ensuring that financial duties are appropriately separated between the CFO and SBMs to minimise the risk of errors and fraud.

Any newly appointed senior executive leader can only be a Director if the Members decide to appoint them as such, the senior executive leader agrees, and the Articles of Association permit it.

The Trust Board will appoint a Senior Executive Leader who may be appointed as a Director – this will be the Chief Executive or equivalent. The Board will also appoint a named individual as Orchard MAT's Accounting Officer – this will be the Senior Executive Leader. The roles of Senior Executive Leader and Accounting Officer will not rotate. The role of the Accounting Officer will not be held by the same individual as the CFO.
When the Senior Executive Leader is planning to leave Orchard MAT, the Trust Board will approach Orchard MAT's Regional Director in advance to discuss Orchard MAT's structure and options, including plans for recruitment.
The Accounting Officer is responsible for:

- Orchard MAT's financial affairs
- Sharing the DfE's 'Letter to academy trust accounting officers' letter with the Members, Directors, the CFO and other relevant stakeholders, arranging for it to be discussed by the Trust Board and taking action, where appropriate, to strengthen Orchard MAT's financial systems and controls
- Achieving value for money and the best possible educational outcomes through the economic, efficient, and effective use of resources
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of Orchard MAT's funding agreement and the 'Academy Trust Handbook' (ATH), and with Orchard MAT's internal procedures
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour, and corporate governance
- Completing and signing a statement of regularity, propriety, and compliance each year and submitting this to the DfE with the audited accounts
- Keeping full and accurate financial records
- The management of opportunities and risks
- Assuring the Trust Board that Orchard MAT is compliant with the ATH and the funding agreement
- Informing the Trust Board, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the ATH
- Informing the DfE, in writing, where they have advised the Trust Board that they are in breach of the Articles of Association, funding agreement or ATH but the Board has continued with their actions

The CFO is responsible for:

- Acting as the principal Finance Officer for Orchard MAT
- Ensuring that Orchard MAT's financial position is managed at a strategic level within the framework for financial control determined by the Trust Board
- Ensuring that all financial matters focus on the wider needs of Orchard MAT, rather than on any individual academy
- Working with internal auditors to provide assurance to the Finance and Audit Committee and Trust Board
- Ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of Orchard MAT
- Challenging finance staff to ensure that value for money is routinely obtained
- Ensuring effective financial policies are in place across Orchard MAT
- Liaising with the CEO, Executive Headteacher/Headteacher and School Business Manager (SBM) from each academy accordingly regarding financial matters
- Maintaining Continuous Professional Development (CPD) and undertaking relevant ongoing training

Orchard MAT's Audit & Risk Committee is responsible for:

- Directing Orchard MAT's programme of internal scrutiny and reporting to the Trust Board on the adequacy of Orchard MAT's financial and other controls and management of risks
- Ensuring that risks are being addressed appropriately through internal scrutiny
- Reviewing the external auditor's plan each year
- Reviewing the annual report and accounts
- Reviewing the external auditor's findings and actions taken by Orchard MAT's managers in response to those findings
- Assessing the effectiveness and resources of the external auditor to provide a basis for decisions by Orchard MAT's Members about the auditor's reappointment or dismissal or retendering
- Producing an annual report of the committee's conclusions to advise the Trust Board and Members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration

Local Governing Bodies are responsible for:

- Our Local Governing Bodies (Advocate Boards) have no requirements related to Orchard MAT or school finances or financial procedures covered by this policy

The Trust Board will appoint a Governance Professional to support the Trust Board who is someone other than a Director, Executive Headteacher/Head of School or Executive Headteacher/CEO. The Governance Professional is responsible for ensuring the efficient functioning of the Trust Board by providing:

- Administrative and organisational support
- Guidance to ensure the Trust Board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance
- Independent advice on procedural matters relating to the operation of the Trust Board
- Administrative and organisational support

The DfE will be informed within 14 calendar days if Orchard MAT appoints or terminates the contract of:

- An Accounting Officer or CFO, including their contact information
- A Chair of the Trust Board, including their contact information
- A Member or Director including their contact information
- An Executive Headteacher/CEO, including their contact information
- A Chair of a Local Trust Board via GIAS
- A Local Governor via GIAS

3. Financial oversight

Orchard MAT takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes.
The Trust Board meets at least five times a year. The Finance Committee meets at least three times a year. Where the Trust Board meets less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained with fewer meetings.
The Trust Board does not delegate overall responsibility for Orchard MAT's funds. The Trust Board approves a written scheme of delegation of financial powers that maintains robust internal controls. This scheme of delegation is reviewed annually, and immediately when there has been a change in Orchard MAT's management or organisational structure.
The Trust Board delegates financial scrutiny and oversight to the Finance Committee, which can support the Trust Board in maintaining Orchard MAT as a going concern.

4. Budget setting

The budget is a working document which may need revising throughout the year as circumstances change. Any significant revisions will be reported to the Finance Committee as well as the Trust Board.

The budget planning process follows an annual planning cycle and consists of the following four phases:

- Planning
- Budget setting
- Monitoring
- Review

The budget process takes the following elements into account:

- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increases, inflation, or other anticipated changes

When reviewing and approving budgets for Orchard MAT, the Trust Board ensures the following:

- That budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years
- That pupil number estimates are challenged and that these underpin revenue projections, and review these on a termly basis
- An integrated approach to curriculum and financial planning is taken

Each academy within Orchard MAT will have an independent budget for certain areas of expenditure and an overall budget which will be managed by the CFO.
A balanced budget for the forthcoming financial year will be approved by the Trust Board, and this approval will be minuted. The annual budget will reflect the best estimate of the resources available to Orchard MAT for the forthcoming year and will detail how those resources will be utilised, establishing clear links to support the objectives identified in Orchard MAT and school improvement plans.
Both medium-term and short-term financial plans are prepared for Orchard MAT and each of the academies in the trust. The medium-term plan indicates how the educational aims and other objectives of Orchard MAT, and each academy are going to be achieved within the expected level of resources over the next three years.
The improvement plan provides the framework for the annual budget.
Draft budgets will be presented to the Finance and Audit Committee, as well as to the CEO, CFO and Trust Board, together with a supporting report for approval of the Trust Board. Once budgets are agreed, this will be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

5. Budget management and monitoring

To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocation.
A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance.
The SBMs under direction of the CFO are responsible for monitoring income and expenditure in their areas of responsibility throughout the year.
A three-year budget forecast will be prepared when the budget for the current financial year is being set.
The CFO will prepare monthly management accounts, setting out Orchard MAT's financial performance and position and including an income and expenditure account, variation to budget report, cash flow information and balance sheet. The accounts will be shared with the Chair of the Trust Board and the Chair of the Finance Committee every month and with other Directors six times a year, even if they do not meet in each of those months.
The Trust Board will consider the management accounts when it meets and will ensure appropriate action is being taken to maintain financial viability. The Finance Committee as delegated by the Trust Board will select key financial performance indicators and measure its budgetary performance against these regularly.
Any potential overspend against the budget will be discussed with the CFO before receiving approval.
The monitoring process will be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. The Finance Committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
Orchard MAT will submit a budget forecast return (BFR) to the each August. Orchard MAT's budget forecast return outturn information will be included in the budget forecast return. The returns will be approved by the Trust Board before submission to the DFE.
Where the Trust Board has concerns about Orchard MAT's financial performance, it will act quickly to ensure Orchard MAT has adequate financial skills in place and consider whether additional financial reporting is required.

6. Cash management

Orchard MAT has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.
The CFO will prepare cash flow forecasts to ensure that Orchard MAT has sufficient funds available to cover day-to-day operations. The SBMs will record all transactions regarding cash flow and the CFO will record transactions for Orchard MAT. When producing cash flow forecasts, if significant balances can be foreseen, steps will be taken to invest the surplus funds.
Debit cards linked to Orchard MAT bank account are only issued to the CEO and CFO to pay for goods and services when the normal ordering processes are not possible.

Corporate Spending cards are issued to a minimum number of approved personnel, these have a monthly spending limit and the full statement amount each month is paid in full. The procurement of goods and services using debit cards or
Corporate spending cards will be kept to a minimum and monitored by Orchard MAT's CFO.

7. Purchasing, procurement and returns

Orchard MAT will ensure:

- 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
- Professional advice is obtained where appropriate

All academies within Orchard MAT will act in accordance with Orchard MAT's Tendering and Procurement Policy and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and Find a Tender service.
Orchard MAT uses the DfE's deals for schools' service where possible.
Full details of Orchard MAT's procurement processes are outlined in the Tendering and Procurement Policy.

8. Income and expenditure

The CFO monitors the receipt of grants, ensuring that all grants due to the academies within Orchard MAT are appropriately collected. The CFO is also responsible for reviewing grant funding remittance advice documentation to ensure it matches actual receipts of notified grants and funding. Grant income must be recorded with a sales invoice.
The Trust receives income from a wide variety of sources, which are all received into one central bank account.
Orchard MAT collects income from parents via a number of methods including, but not limited to, the following:

- Preschool and Nursery attendance
- Trips and residential visits
- Breakfast and after school club
- Reimbursements from various activities

Cash payments from parents are not accepted, payments need to be made online via Arbor, ParentPay or Tax Free Childcare Vouchers (only for preschool/nursery or wraparound care)

There are two main areas of expenditure:

- **Salaries** – this forms the largest element of expenditure. Salaries of all staff members will be reviewed on an annual basis by the CEO, with effect from 1 September and no later than 31 October. Pay review recommendations are then given to the Trust Board for discussion and authorisation. The Pay and People Committee confirms pay

awards, incremental progression, and performance-led pay increases, all of which the CFO will cost, using known figures and estimates, when preparing the draft budget

- **Premises maintenance** – a combination of maintenance surveys and historical costs will form the basis for planned maintenance. The CFO will incorporate an allowance for unexpected contingencies, as well as for any small new works which may be proposed in-year.

Each SBM will keep an up-to-date record of the income and expenditure for their area of responsibility.
Orchard MAT's funds will not be used to purchase alcohol for consumption, except where it is to be used in religious services.

9. Investments

Where the Trust Board wishes to make investments to further the Orchard MAT's charitable aims, it will ensure that investment risks are properly managed. When considering an investment, the Trust Board will:

- Act within its powers to invest as set out in the Articles of Association
- Act in line with Orchard MAT's Reserves and Investment Policy and review this policy on a regular basis
- Ensure value for money
- Take advice from professional advisers where appropriate
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure investment decisions are in the best interests of Orchard MAT

Prior approval will be sought from the DFE before all investment transactions that are novel, contentious and/or repercussive, regardless of value.

10. Borrowing and debt

Prior approval will be obtained from the DFE before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.
Orchard MAT will prepare and monitor financial plans to ensure ongoing financial health.
Orchard MAT will disclose aggregate figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.
The CFO will contact individuals of any outstanding debts owed after 45 days of the notification of payment, e.g., an invoice being sent. The CFO/SBM will issue payment reminders to any non-payments at the following intervals:

- 6 weeks from the invoice being sent – first reminder
- 10 weeks from the invoice being sent – second reminder
- 12 weeks from the invoice being sent – final reminder

If, after the final reminder is sent, payment is not received in full, the CFO will send a letter informing the individuals that if Orchard MAT does not receive payment within 14 days, they may refer the matter to a small claims court.
Debts will not be written off without the express approval from the Trust Board. Orchard MAT will also obtain prior approval from the DFE where it wishes to write off debts and losses, enter into guarantees or letters of comfort, and/or indemnities which are not in the normal course of business, where the following delegated limits apply:

- 1 percent of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5 percent of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction
- Cumulatively, 5 percent of total annal income in any financial year per category

The CFO will keep accurate records of the debt process, including:

- Logging invoices and receipts on Orchard MAT's accounting system
- Keeping any emails pertaining to debt collection for three months after the payment has been made
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent

11. Fixed assets

Orchard MAT will obtain prior approval from the DFE for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the Orchard MAT's funding agreement for the disposal of assets generally

Other than the transactions outlined above, Orchard MAT does not need the DFE's approval to dispose of any other fixed assets.
Any disposal will maintain the principles of value for money, regularity, and propriety.
The Trust Board will refer to the DfE's 'Good estate management for schools' guidance to help them to manage capital assets and budgets.

12. Leasing

For the purpose of this policy, there are two types of lease:

- Finance lease – a form of borrowing
- Operating leases – not a form of borrowing

Orchard MAT will obtain prior approval from the DFE for the following lease transactions:

- Taking up a finance lease on any class of asset for any duration from another party, which are subject to borrowing restrictions
- 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

Any lease will maintain the principles of value for money, regularity, and propriety.

13. Gifts

The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-Bribery Policy.
The decision to make gifts will be documented and have regard to propriety and regularity.
The Gifts, Hospitality and Anti-Bribery Policy sets out Orchard MAT's procedures relating to the acceptance of gifts, hospitality, awards, prizes, and any other benefit that might be seen to compromise the judgement or integrity of Orchard MAT.

14. Related party transactions

Orchard MAT will be even-handed in their relationships with related parties by ensuring:

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

All transactions with related parties will be reported to the DFE in advance of the transaction taking place. This applies to transactions made on or after 1 April 2019.
The Trust Board will ensure procedures pertaining to related party transactions are applied across the MAT. The Trust Board and Accounting Officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'.

The Chair of the Trust Board and the Accounting Officer will ensure their capacity to control and influence does not conflict with requirements.
Orchard MAT recognises that some relationships with related parties may attract greater public scrutiny, such as the following:

- Transactions with individuals in a position of control and influence, including the Chair of the Trust Board and the Accounting Officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
- Relationships with external auditors beyond their duty to deliver a statutory audit

Orchard MAT will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.
Orchard MAT will report all related party transactions made on or after 1 April 2019 to the DFE in advance of the transaction taking place. Orchard MAT will obtain prior approval from the DFE for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the DFE's enquiry form.
For the purpose of reporting to, and approval by, the DFE, related party transactions do not include salaries and other payments made by the MAT to a person under a contract of employment through Orchard MAT's payroll.
All related party transactions will be reported to the DFE in advance of transactions taking place, using the DFE's online form. Orchard MAT will obtain approval from the DFE for the supply of goods or services to Orchard MAT by a related partgreed on or after 1 September 2023, where any of the following limits apply:

- The contract or other agreement exceeds £40,000
- The contract or other agreement of any value would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August

Approval will not be required where contracts and other agreements for the supply of goods or services to Orchard MAT are with colleges, universities and schools which are sponsors of Orchard MAT, and other state funded schools and colleges, including academies.
Before completing the DFE's online form, all the information outlined below will be collected, as it is not possible to partially complete the form and return to it later.
To create a record for the supplier, the following information is required:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using the Companies House website (for limited companies)
- The statement which best describes the relationship between the supplier and Orchard MAT
- Confirmation that the supplier is listed in Orchard MAT's Declared Conflicts of Interest Register

- Confirmation that Orchard MAT has a statement of assurance from the supplier
- Confirmation that Orchard MAT has an open-book agreement with the supplier

The following information will be provided about the related party transaction:

- A short description of the goods or service
- Details of the proposed cost
- The start and end date of any contract or agreement

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

- How Orchard MAT agreed to the related party transaction
- That Orchard MAT followed its Tendering and Procurement Policy
- That Orchard MAT tested the market before making a decision
- How Orchard MAT has managed any conflicts of interest

Declared Conflicts of Interest Register

All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:

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

The Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between Orchard MAT's Members, Directors or Local Advocates. Relevant material interests arising from close family relationships between these individuals and employees will also be identified.
The Declared Conflicts of Interest Register will be kept up to date at all times and amended when any new interests are declared.
The relevant business and pecuniary interests of Members, Directors, Local Governors, and the Accounting Officer will be published on Orchard MAT's website.

'At cost' requirements
Orchard MAT will not pay more than 'cost' for goods or services provided by the following:

- Any Member or Director of Orchard MAT
- Any individual or organisation related to a Member or Director of Orchard MAT, namely:
  - A relative of a Member or Director: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse, or civil partner

- An individual or organisation conducting business in partnership with the Member, Director or a relative of the Member or Director
- A company in which a Member or the relative of a Member (taken separately or together), and/or a Director or the relative of a Director (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company
- An organisation which is controlled by a Member or the relative of a Member (acting separately or together), and/or a Director or the relative of a Director (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes

- Any individual or organisation given the right under the Orchard MAT's Articles of Association to appoint a Member or Director of Orchard MAT, or anybody connected to the individual or organisation
- Any individual or organisation recognised by the Secretary of State as a sponsor of Orchard MAT, or anybody connected to the individual or organisation

A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body
- Having the right to appoint or remove a majority of the Trust Board

'At cost' requirements do not apply to Orchard MAT's employees unless they are employed by one of the parties outlined in this section. 'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013. 'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes Orchard MAT's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

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

'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a Member or Director of Orchard MAT, but not in other cases.

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

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

15. Payroll

All payroll transactions relating to Orchard MAT staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made through any other mechanism.
Each academy within Orchard MAT will act in accordance with the Teachers' Pay Policy and Support Staff Pay Policy.
The main elements of the payroll system include staff appointments, payroll administration and payments. Payroll is notified of any staff absence using the absence recording system.
The CEO and CFO are responsible for ensuring that:

- Payments are made only to bona fide employees
- Payments are in accordance with individuals' conditions of employment
- Deductions, including income tax, national insurance, and pensions, are properly administered
- Payments are made only in respect of services provided to the academy
- Amendments to the payroll are properly processed

The SBMs at the direction of the CFO, are responsible for keeping the staff personnel database up to date via the designated recording system. This will include the following information about staff members:

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

During the Spring term each year, Orchard MAT SLT will review staffing requirements for the following academic year and propose any changes.
The People and Pay Committee is responsible for authorising the following salary changes:

- Staffing structure changes
- Performance-related pay where relevant

The CFO will randomly select one employee each month and check the calculation of gross to net pay, to ensure that the payroll system is operating correctly.
Payroll is continuously monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up to date.
Payslips will be produced on a monthly basis and administered to employees via secure email, via Hoople Epay process on the 25th of each month.

Executive pay

The Trust Board will ensure that executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their salary. The Trust Board will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate, and justifiable, including:

- **Process** – that the procedure for determining executive pay and benefits is agreed by the Trust Board in advance and documented. The Trust Board ensures that both pay and benefits are kept proportionate
- **Independence** – decisions about executive pay and benefits reflect independent and objective scrutiny by the Trust Board and conflicts of interest are avoided
- **Robust decision-making** – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been considered
- **Proportionality** – pay and benefits represent good value for money and are defensible relative to the public-sector market
- **Commercial interests** – the Trust Board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by Orchard MAT to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction
- **Documentation** – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term
- Understanding that inappropriate pay and benefits can be challenged by the DFE, particularly in any instance of poor financial management of Orchard MAT

Orchard MAT publishes on its website, in a separately readily accessible form, the number of employees whose benefits exceeded £100,000, in £10,000 bandings for the previous year ended 31 August. Benefits for this purpose include salary, Orchard MAT's pension contributions, other taxable benefits, and termination payments., but not the Orchard MAT's own pension costs. For employees who are Directors, their salary and other benefits will also be disclosed in £5,000 banding in the Orchard MAT's financial statements.

Where Orchard MAT has entered into an off-payroll arrangements with someone who is not an employee, the amount paid by Orchard MAT for that person's work will also be included in the website disclosure where payment exceeds £100,000, as if they were an employee.

Electric Vehicle (EV) salary sacrifice schemes will not require DFE approval where no liability falls on Orchard MAT if an employee does not fulfil their contractual obligations with the

scheme provider. For other types of EV salary sacrifice schemes, or where Orchard MAT is under a Notice to Improve (NtI), prior DFE approval will be sought.

16. Charging and remissions

The Trust Board is responsible for creating a Charging and Remissions Policy. Each academy will act in accordance with Orchard MAT's Charging and Remissions Policy at all times.
Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.
The Trust Board, in conjunction with the Finance Committee, can choose to remit charges wholly or in part.
Orchard MAT may charge parents for the cost to replace items broken, damaged or lost if it is due to pupil behaviour. Payments for activities will be processed and recorded by the SBMs. The SBMs are responsible for ensuring that the correct invoices are sent to parents, and that payment is received.
The Finance Committee will review the Charging and Remissions Policy annually, seeking advice from the CFO where necessary.

17. VAT procedures

Orchard MAT, and the academies within it, are registered for VAT and are entitled to reclaim most of the VAT it pays on invoices.
Under legislation, VAT claims can be made on expenditure which supports the Orchard MAT's core business purposes.
A report is run for each of the academies within Orchard MAT by the CFO to provide the data necessary for the completion of the VAT reclaim form. VAT is reclaimed monthly. Only one return for Orchard MAT is required by HMRC.
Orchard MAT is eligible to reclaim most of the VAT it pays on invoices from HMRC. Any invoices for which VAT cannot be reclaimed, as the purchases were for business activity, are identified and deleted.
Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.
On receipt of the reclaimed VAT from HMRC, the CFO will review the remittance, confirm whether this equals the claim made.

18. Risk management

Orchard MAT will maintain a risk register and manage risks to ensure its effective operation, including contingency and business continuity planning.
The Trust Board will take overall responsibility for risk management, including ultimate oversight of the risk register, while drawing on advice provided to it by the Audit and Risk Committee. The Trust Board will review the risk register at least annually.
Risk management covers the full operations and activities of Orchard MAT, not only financial risks.

Orchard MAT academies are members of the academies risk protection arrangement. Orchard MAT will cooperate with risk management auditors and risk managers and will implement any reasonable recommendations made to them.

19. Special payments

For the purpose of this policy, special payments include:

- Staff severance payments
- Compensation payments
- Ex gratia payments

Where Orchard MAT considers making a staff severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:

- The proposed payment is in the interest of Orchard MAT
- The payment is justified, based on legal assessment of the chances Orchard MAT will successfully defend the case at employment tribunal
- The level of settlement is less than the legal assessment of what the relevant body will award.

Orchard MAT will not make severance payments where the money could be interpreted as a reward for failure, e.g. gross misconduct or poor performance; the only instance in which Orchard MAT may offer severance payments in the event of gross misconduct would be where the claimant would be likely to succeed in an employment tribunal because of procedural or legal errors. In the case of poor performance, the cost of a severance payment will be considered against the time and cost of taking the individual through performance management and capability procedures.

Where Orchard MAT is considering a severance payment equal to or greater than £50,000, Orchard MAT will seek prior approval from the DFE. The DFE will refer the transaction to HM Treasury so Orchard MAT will allow sufficient time for this to be considered. Value for money will be shown for all severance payments.

Orchard MAT will also obtain prior approval from the DFE before making a special staff severance payment where:

- An exit package which includes a special severance payment is at, or above, £100,000
- The employee earns over £150,000

Compensation payments will take account of the facts of the matter ensuring value for money is achieved. For compensation equal to or greater than £50,000, prior approval from the DFE will be sought.

Orchard MAT will consider whether cases reveal concerns pertaining to the effectiveness of internal control.

Ex gratia payments will always be referred to the DFE for approval.

20. Annual accounts

Orchard MAT will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's Statement of Recommended Practice and the DFE's 'Academies Accounts Direction'.
The audited accounts will be:

- Submitted to the DFE by 31 December each year
- Published on the Orchard MAT's website by 31 January
- Filed with Companies House in accordance with company law requirements, usually by 31 May
- Provided to every Member (under the Companies Act)
- Provided to anyone who requests a copy

All copies of the accounting audit will be stored and filed securely, in line with the Orchard MAT's Data Protection Policy.

21. Auditing

Orchard MAT will follow a tiered approach to internal control, risk management and assurance processes comprising:

- Clearly communicated procedures, structures, and training of staff
- Appropriate day-to-day supervision and checks by management
- Internal scrutiny overseen by an Finance and Audit Committee
- External audit and assurance

Internal scrutiny
Internal scrutiny will be conducted within Orchard MAT and directed by the Audit and Risk Committee, alongside the work of an external auditor, to provide independent assurance to the Trust Board that its financial and other controls, and risk management procedures, are operating effectively.
Internal scrutiny will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- Offering advice and insight to the Trust Board on how to address weaknesses in financial and non-financial controls
- Ensuring all categories of risk are being adequately identified, reported, and managed

The programme of internal scrutiny will be covered by a scheme of work, driven, and agreed by the Audit and Risk Committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time.

With reference to its risk register, Orchard MAT will identify on a risk basis the areas it will review each year and modify its checks accordingly.
Internal scrutiny will take account of output from other assurance providers to inform the programme of work. Independence in internal scrutiny will be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the Trust Board.
Internal scrutiny will be kept under review and if any changes in size, complexity or risk profile become apparent, Orchard MAT will consider whether its approach remains suitable.
Orchard MAT will confirm, in its governance statement, the method(s) it uses for internal scrutiny and why these are used.
Orchard MAT may also use other individuals or organisations where specialist non-financial knowledge is required. Where this is done, Orchard MAT will reflect the individual's or organisation's findings, recommendations, and conclusions as part of the summary document submitted to the DFE.
Findings arising from internal scrutiny will be used to inform the Accounting Officer's statement of regularity in the annual accounts.
Regular reports of the programme of work will be provided at each Audit and Risk Committee meeting, including recommendations to enhance financial and other controls and risk management.
Orchard MAT will submit its annual summary report of the areas reviewed, key findings, recommendations, and conclusions to the DFE by 31 December each year when it submits its audited annual accounts. If requested, Orchard MAT will also provide any other internal scrutiny reports.

External auditing
Orchard MAT will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of Orchard MAT's financial performance and position.
The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of the term of office, in exceptional circumstances. There will be a separate letter of engagement for additional services beyond the prescribed audit.
Orchard MAT will retender its external audit contract at least every five years.
The Trust Board will notify the DFE immediately of the removal or resignation of the auditors.
The Accounting Officer will produce a statement on regularity, propriety, and compliance and this will be included in Orchard MAT's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:

- There is efficient and effective use of resources in their charge
- Public money is spent for the purposes intended by parliament
- Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control

Orchard MAT will respond promptly, reasonably, and appropriately to any findings by the auditors.

22. Record keeping

All financial transactions of Orchard MAT are recorded including, but not limited to, the following:

- Purchases and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures
- VAT returns

The CFO is responsible for keeping up-to-date records of Orchard MAT's financial state. The SBMs are responsible for keeping up-to-date records in relation to the finances of their areas of responsibility as directed by the CFO.
Records will include the following information:

- Income and expenditure; identifying which transactions were cheques and which were cash payments
- The income and expenditure for each activity, with the activity recorded as a budget heading
- A balance sheet which identifies total income, expenditure, and the balance for each budget heading
- The total income and expenditure for the year
- The balance and carry forward from the previous year
- Identified profit and loss – any causing concern is investigated

Each academy has its own set of financial records for day-to-day operational purposes and budget management.

Third party access rights
The DFE or its agents may carry out audits and investigations at Orchard MAT. Orchard MAT will provide the DFE with access to all books, records, information, explanations assets, premises, and staff, and the DFE may take copies of relevant documents.
Where the DFE has concerns about financial management and/or governance at Orchard MAT, it may wish to obtain from third parties' information or documentation about Orchard MAT which the DFE considers relevant for the purposes of its investigation. Orchard MAT will provide the DFE with written authority giving permission for any third party to provide such information to the DFE or its agents.

23. Notices to improve

Where the DFE has concerns about Orchard MAT's financial management and/or governance and has issued a Notice to Improve (NtI), Orchard MAT will comply with this notice.
The DFE will notify Orchard MAT of the date of which it published the NtI.
Orchard MAT will publish any NtI issued by the DFE on its website within 14 days of it being

issued and retain this on the website until it is lifted by the DFE. If a NtI is issued, Orchard MAT will seek prior approval from the DFE for all transactions outlined in section 19 specifically:

- Special staff severance payments
- Compensation payments
- Writing off debts and losses
- Entering into guarantees, indemnities, or letters of comfort
- Disposals of fixed assets beyond any limit in the funding agreement
- Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- Carrying forward of unspent general annual grant (GAG) from one year to the next beyond any limit in the funding agreement
- Pooling of GAG

Where required, Orchard MAT will seek prior approval from the DFE before entering into transactions with related parties. Orchard MAT will submit additional information, such as monthly income and expenditure accounts, if required by the DFE.

24. Whistleblowing and fraud

Orchard MAT puts proportionate controls in place to mitigate the risks of fraud, theft, and irregularity, e.g., regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.

Where instances of fraud, theft or irregularity are suspected or identified the Trust Board will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.

In any instance of fraud, theft, or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the Trust Board will report it to the DFE as soon as they become aware of it.

When reporting to the DFE on instances of fraud, theft or irregularity, Orchard MAT will include the following information:

- Full details of the event(s) with all key dates
- The financial value of the loss
- The measures taken by Orchard MAT to prevent recurrence
- Whether the matter was referred to the police and if not, the reasons why
- Whether the insurance or the risk protection agreement have offset any loss

If a member of staff suspects their colleagues are involving them in matters of fraud, they have a duty, as an employee of Orchard MAT, to raise suspicions to a member of the Orchard MAT Central Team. Reports of fraud will be treated in a fair and unbiased manner.

If the report of fraud is against a member of the Orchard MAT Central Team, the member of staff can go directly to the Chair of the Trust Board.

The Orchard MAT Central Team will be responsible for the initial enquiries of fraud, theft, or irregularity – they will then pass on their findings to the Trust Board for further inspection.

Upon receiving the Orchard MAT Central Team's initial findings, the Trust Board will:

- Determine whether further investigation is warranted
- Determine the initial response to the alleged perpetrator when this is a member of school staff
- Determine who will carry out the investigation
- Determine which outside agencies will be involved
- Assess the risk of the fraud and the perpetrator to the academy
- Determine to whom day-to-day management of the response will be given
- Allocate responsibility for damage limitation action
- Determine the course of action to recover losses
- Determine the course of action to be taken against the perpetrator
- Evaluate the events which enabled the fraud to occur
- Ensure preventative action is taken to prevent recurrence
- Report to the DFE any instances of fraud, theft or irregularity exceeding £5,000 individually, or £5,000 cumulatively in the financial year

Orchard MAT's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistle-blower being treated unfairly.
The CEO will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.
All concerns raised by whistle-blower's are responded to properly and fairly in line with the Whistleblowing Policy.
Orchard MAT's Whistleblowing Policy is published on the Orchard MAT website.

25. Cyber-crime

Orchard MAT is aware of the risk of cyber-crime and will implement its Cyber-Security Policy and Cyber Response and Recovery Plan across the trust.
Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.
Orchard MAT will obtain permission from the DFE to pay any cyber-ransom demands and understands that the DFE supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

26. Monitoring and review

This policy will be reviewed as and when required and at any point material changes require it by the CEO and the CFO in conjunction with the Finance and Audit Committee and the Trust Board. Any changes made to the policy will be amended by the Executive Headteacher/CEO and will be communicated to all members of staff.