



WOODFIELD ACADEMY

MANAGEMENT OF RELATED PARTY TRANSACTIONS AT WOODFIELD ACADEMY

Ratified on 4th October 2017

Signed (Chair of Governors)..... Date.....

In accordance with EFA Guidelines Woodfield Academy applies rigorous checking for Related Party Transactions and the Procedures are detailed below:

It is recognised that there are instances where related party transactions can save the academy money and allow for economies of scale (as in the sharing of staff between Academies) but that they need to be administered effectively and with the proper caution. The relationship can be via a parent company of a staff member / governor or via key management personnel, their close family members or friends. Declarations have to be declared for any such links between personnel at Woodfield and any such outside provider. Such disclosures provide accountability and transparency to the public and Parliament and demonstrate that potential conflicts of interests are being identified, managed and reported and prove that public funds are being managed effectively and that preferential treatment is not being given because of an established relationship.

When information is requested about Related Party Transactions, it is Woodfield Academy's obligation to retain the following information.

- The names of the related parties
- A description of the relationship between the parties
- A description of the transactions or working practices
- The amounts involved
- The amounts due to or from related parties at the balance sheet date and any provisions for doubtful debts or amounts to be written off

Woodfield will also separately disclose any remuneration and expenses paid to the principal, staff or Governors.

The Articles of Association prohibit payment to the chair or other Governors for carrying out their role, also as part of the Governors Expenses Policy it is recognised that Governors may not claim salary for their role as a Governor but they may claim expenses such as travel expenses, child care costs and travel and subsistence.

Managing Procurement and Potential Conflicts of Interest

The procedure for the management of Related Party Transactions is given below

Woodfield will uphold the following -

- Annually declare any personal interests in proposed transactions via a declaration form.
- Recognise that they must avoid conflicts of interests and not accept benefits from third parties and declare interests in proposed transactions.
- The Governors will maintain a register of interests which must capture relevant business and pecuniary interests of members, local governors and all employees.
- Where a potential conflict of interest is identified, the individual concerned will remove themselves from the decision making process. This will include the initial decision to enter into a contract.
- The Governors will demonstrate that funds have been applied for the purposes intended, that Value for Money procedures have been applied and that a competitive tendering process has also been adhered to.
- Interest declarations will include that of related family members or friends working in any capacity for the Academy.

- Ensure that all related party transactions are 'at cost' and that the academy has an obligation to pay no more than cost value for supplies received from a related party and to prove the cost. The Department for Education requires that related party transactions be 'at cost' with no profit allowed. This is effective from the 2014/15 accounting period and Governors must be able to evidence this.
- The business and pecuniary interests of Governors and members will be published on the school website. Does this happen?
- The Governors will review annually the policy in relation to Related Party Transactions, ensuring that the procedures are formalised by gaining approval for them via the Finance Committee and apply the procedures fully to ensure financial regulations and propriety are maintained
- Recognise that they ensure the correct equilibrium between checks and balances upon the academy and governors whilst also permitting the academy the autonomy they need to deliver excellent education to their pupils and value for money to the taxpayer.

Internal Control Procedures

When scrutinising Related Party Transactions, Woodfield will give consideration (deleted to) as to whether the transaction will give rise to risk of public funds. The proposed transaction will be evaluated in regard to the following.

- A full explanation of the transaction
- The value of the transaction
- The reason for the transaction
- Proven Value for Money
- If the transactions are ongoing and how often they are reviewed
- Whether the transaction had any likely cause for concern
- A signed declaration of the reason of the decision to go ahead with the transaction

The control procedures apply equally to both expenditure and income generation since a reduction in the Academy's income generation can have a negative effect on budget.

Review of Policy

All Governors at Woodfield are responsible for monitoring Related Party transactions but the Academy's Finance Committee will review these annually and sign the register. There is a register held by the Clerk to the Governors which will be signed once all Pecuniary Interest Forms have been completed and a log kept of anyone who has a transaction to declare. It is the responsibility of the Clerk to the Governors to publish the data on the school website each year in September. The Management of The Related Party Transactions policy will be reviewed annually by the Governing Body in relation to the latest guidance issued by the EFA and will also be published on the school website.

Further Reference

Refer to the revised guidelines in the Academies Finance Handbook, online training and webinars. There is published information on acceptable and unacceptable transactions and a 'statement of assurance' template to help provide greater clarity to academies.

Appendix 1 – Declaration of Pecuniary Interest (Guidance Notes & Form)

Appendix 2 – Pro-forma Statement of Assurance

Appendix 1 – Declaration of Pecuniary Interest

REGISTER OF PECUNIARY INTERESTS – Notes of Guidance

Declaration of Interest

The Academies Financial Handbook issued by the DfE sets out the standards for financial administration in academies. Part of the handbook makes reference to each academy board and staff having a register of pecuniary interests.

For example, governors and staff should declare any links they have with local firms from which the school may wish to buy goods or services. This includes companies which are owned by staff members or their spouses or friends / relatives. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally financially or in-kind from decisions that they make. A declaration should also be made of family, friends or any other related individual who works for the academy.

A governor, Headteacher or member of staff of an Academy who is in a position to influence a decision of the Academy, and with pecuniary interest in a personal capacity in any contract, pending or approved with the Academy, shall declare that interest in writing to the academy board. Such declaration and details shall be recorded in a register of pecuniary interests. In the case of appointments, usual recruitment procedures should apply.

As far as the Governing Body are concerned, there is a requirement on any person who is present at a meeting of an academy board to declare a pecuniary interest direct or indirect. This relates to any contract, proposed contract or other matter that is being considered. The person must disclose the fact as soon as is practical at the meeting and take no part in the consideration or discussion of the contract or matter concerned. The person must withdraw from the meeting during consideration or discussion unless the academy board allows otherwise. In addition, the person cannot vote on any question with respect to the contract or matter.

Pecuniary Interests – Direct and Indirect

Direct Pecuniary Interests

The following are examples of a direct pecuniary interest:-

- actual payments
- receipts in cash or in kind
- benefits or losses arising from the value of assets (e.g. land owned by a governor or member of staff that might be affected by proposals about the Academy's land or buildings).

Indirect Pecuniary Interests

A number of matters can be treated as an indirect pecuniary interest. Some examples are as follows:-

- a governor or member of staff own shares in or is a member of a company or another body which has a direct pecuniary interests;
- a governor or member of staff is a business partner of a person or company who has a direct pecuniary interest;
- a governor or member of staff is employed by a person or company which has a direct pecuniary interest;
- a governor or member of staff has a spouse or is living with another person who has an interest in the contract or matter being discussed or is directly employed by the academy (where a member known to a staff member is applying for a new position, this should be declared on the job application form);
- a governor or member of staff is a governing body member at another school/academy/further education establishment.

Interests that are not Pecuniary

Some matters are not considered as creating a pecuniary interest. Some examples are as follows:

- being a Councillor on a local authority;
- being a rate payer or Council Tax payer in the area of the school;
- having interests that are non-pecuniary;
- having an interest that is so remote or insignificant that it cannot reasonably be regarded as likely to influence a governor or member of staff.

Duty to Declare

Governors, the Headteacher and members of staff are bound by Financial Regulations and, therefore, must declare in the Register any pecuniary interest they have in a personal capacity in any contract relating to the school. The declaration must be in writing and be recorded in the register.

In addition to any written declaration in the Register, a governor or any other person attending a meeting of the academy board or one of its committees must declare orally their pecuniary interest in any matter as required by the Instrument of Government and take no further part in discussion or decision on that matter. Should anyone become aware at any time of any changes to this, a new declaration is to be submitted immediately. If in any doubt, please refer to the Clerk to the Governors for guidance. The Clerk's contact details are clerk.to.governors@woodfield.worcs.sch.uk or you can telephone the school office on 01527 527081.

Failure to observe the Headteacher and correct procedural reporting of the pecuniary interest declarations could result in disciplinary action.

REGISTER OF PECUNIARY INTERESTS

Form to be completed by members of staff employed at the Academy

I (name) a member of staff, confirm that I have read the Management of Related Party Transactions at Woodfield Academy Policy and the Pecuniary Interests Notes of Guidance. I am aware of the requirements relating to Pecuniary Interests and will notify the academy of any in-year change.

I set out below my pecuniary interests.

1. Employment at the Academy (please tick all boxes that apply)

Position within the Academy

- Governing Body Member
- Headteacher
- Senior Leadership Team
- Teacher
- Non-Teaching Staff

2. Have you or any related member any connections with firms / companies of which you are a member / have ownership of or vested interest in (not as a shareholder) If so, declare below.

Yes/ No

If yes, please specify name of company / person and capacity in which you know them:

3. Have you or any related member any connection in the capacity as a governing body member at another school/academy/further education establishment?

Yes/ No

If yes, please specify name of school/academy/further education establishment:

4. Do you know of any family member or related party who has any connection with the academy?

Yes / No

If yes, please specify in what capacity:

5. Have you any other pecuniary interests as explained in the Notes of Guidance and not already declared?

Yes / No

If yes, please specify.

Signature _____

Date _____

Please return this to the Clerk to the Governing Body of the Academy within 7 days for insertion in the Register of Pecuniary Interests.