

FINANCE POLICY



WHERE LEARNING IS UNSTOPPABLE AND ASPIRATIONS HAVE NO LIMITS

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Registered in England and Wales, Company Number: 10650092

Finance Policy

1 Background

1.1 The purpose of this policy and associated procedures is to ensure that the Orwell Multi Academy Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).

1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems.

1.3 The policy covers finance related policies such as depreciation, Trust companies, reserves, investments, charging and remission, staff expenses and directors' expenses.

1.4 This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

1.5 This policy is designed to be consistent with:

- ESFA Financial Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money".

1.6 This policy also contains the following appendices:

- [Appendix 1 – Record of Financial Responsibility](#)
- [Appendix 2 – Procurement Policy \(Draft\)](#)
- [Appendix 3 – VAT Policy](#)
- [Appendix 4 - Scheme of Delegation](#)
- [Appendix 5 - Asset Control Policy](#)
- [Appendix 6 – Accounting Policies](#)
- [Appendix 7 – Financial Reporting Policy](#)
- [Appendix 8 – Central Trust Recharge Policy](#)
- [Appendix 9 – Reserves Policy](#)
- [Appendix 10 – Purchasing Card Policy](#)

Date Policy approved:	11th September 2017	Chair of Trust Governing Body:	Chair of Trust Finance Committee:
Date of next review:		<i>Signed:</i>	<i>Signed:</i>
		<i>Print name:</i>	<i>Print name:</i>

2 Trust Structure

2.1 The Trust consists of the following academies and other entities:

- Halifax Primary School
- Handford Hall Primary School
- Springfield Infant School and Nursery
- The Willows Primary School

2.2 The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined below:

Trust Board of Directors / Finance, Resources and Audit Committee

2.3 The Directors are the people responsible under the Trust's articles of association for controlling its management and administration. They have responsibility for directing its affairs and ensuring that it is solvent, well-run and delivering the Trust's charitable objectives. Use of the words directors, trustees or governors are interchangeable and refer to the Trust Board.

2.4 The Board of Directors / Finance, Resources and Audit Committee of the Trust has overall responsibility for the administration of its academies' finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE). These responsibilities in relation to financial matters include:

Trust Board of Directors

2.5 The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- compliance with the Academies Financial Handbook published annually by the ESFA
- ensuring that the Trust's funds are used only in accordance with the law, its articles of association, its Funding Agreement, and the Academies Financial Handbook published by the ESFA
- the proper stewardship of funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in the use of funds
- finance policy development and strategic planning
- ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance
- ensuring compliance with general legislative requirements
- approving a written scheme of delegation of financial powers that maintains robust internal control arrangements
- establishing and maintaining a transparent system of prudent and effective internal controls
- management of the Trust's financial, human and other resources
- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon
- setting the Trust's standards of conduct and values

- assessing and managing risk, (including the preparation of a statement on academies risk management for its annual report and accounts)
- to hold to account each Headteacher and their staff.

See also [Appendix 4 - Scheme of Delegation](#).

Finance, Resources and Audit Committee

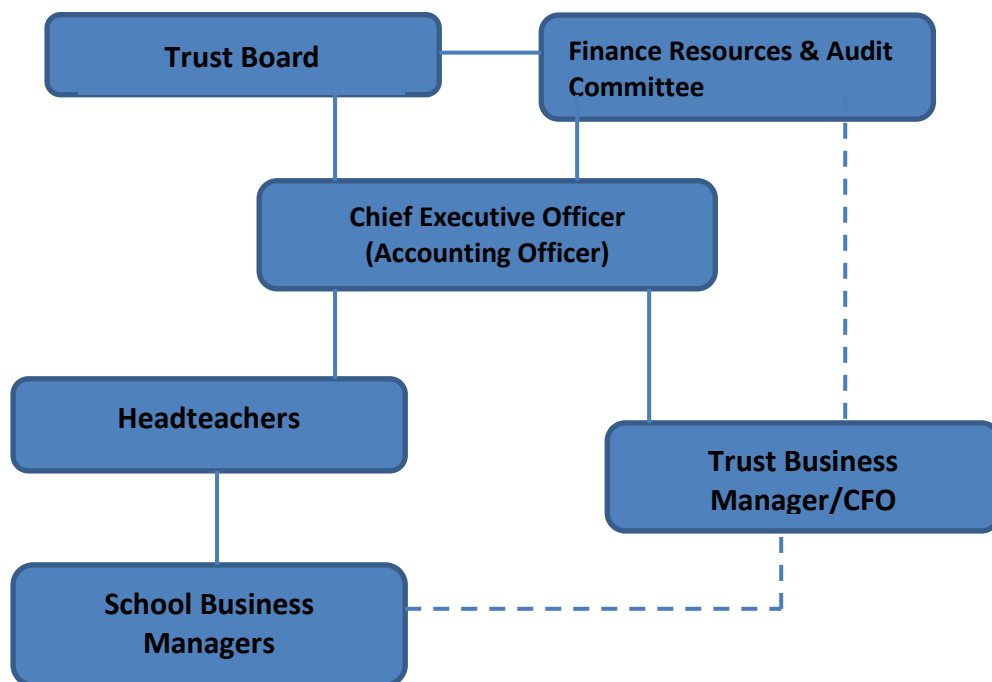
2.6 The Finance, Resources and Audit Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity, most particularly by:

- promoting the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
- promoting a climate of financial discipline and minimising the opportunity for financial mismanagement
- supporting the Board in their financial responsibilities as laid out above
 - within delegated authorities laid down by Board of Directors
 - in a manner which will make most economic and effective use of resources available
- challenging the Trust Business Manager/CFO and other Trust finance officers to demonstrate best value in the decisions delegated to them
- approval of Trust Finance Policies, significant spending plans, academy plans, staff complements etc. as laid out in **Appendix 4 - Scheme of Delegation** and **Committee Terms of Reference**.

2.7 As permitted by the Academies Financial Handbook for MATs with income below £50million, the following functions of the audit committee are undertaken by the Finance Committee:

- providing assurance over the suitability of, and compliance with its financial systems and operational controls
- providing assurance that risks are being adequately identified and managed by:
 - reviewing the risks to internal financial control at the Trust
 - agreeing a programme of work to address and provide assurance on those risks
- improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- promoting the development of internal controls and risk management systems which will satisfy the Board that the Trust and its academies will achieve their objectives and targets and are operating in accordance with any statutory requirements for the use of public funds:
 - within delegated authorities laid down by the Trust Board
 - in a manner which will make the most economic and effective use of resources available.

3 Roles and Responsibilities (Finance)



The CEO/ Accounting Officer

3.1 The CEO is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The Accounting Officer has personal responsibility for the propriety and regularity of the public finances under the Trust's control and for assuring the Board that there is compliance with the handbook and the funding agreement. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

3.2 The main responsibilities of the Accounting Officer include:

- the development of the annual budget
- the development of medium term financial planning
- the regular monitoring of actual expenditure and income against budget
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies
- ensuring that the regular reports provided to the Board are timely and accurate
- authorising orders and the award of contracts within the approval limits shown in Appendix 1
- authorising payments within the approval limits shown in Appendix 1
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them.

See also Appendix 1 – Record of Financial Responsibility.

3.3 Note: The CEO also has additional non-finance responsibilities in relation to educational improvement which are outside the scope of this document.

The Trust's Headteachers

3.4 Within the framework of the Trust's Development Plan, each academy Headteacher has responsibility for the academy's activities including accountability of the development and management of the Academy's budget, plus specific activities defined in [Appendix 1 – Record of Financial Responsibility](#):

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them or the CEO
- authorising orders within the approval limits shown in Appendix 1
- authorising local payments within the approval limits shown in Appendix 1
- monitoring the regular budget reports as defined in Appendix 1
- agreeing financial forecasts
- identifying and implementing corrective action to address variances from the budget
- achieving value for money and educational outputs in the budget lines they control
- ensuring that Pupil Premium money is used effectively for the benefit of the students for which it has been provided.

The Trust Business Manager/CFO

3.5 The Trust Business Manager/CFO works in close collaboration with the CEO through whom he or she is responsible to the Trust Board. The Trust Business Manager/CFO has direct access to the Board. They also work in a business partnering capacity with individual Academy Headteachers to ensure strong financial governance and delivery of the financial plan. The main responsibilities of the Trust Business Manager/CFO are:

- to lead on financial matters, including ensuring sound and appropriate financial governance and risk management arrangements are in place
- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the preparation of monthly management accounts
- the management of the Trust's financial position at a strategic level within the framework for financial control determined by the Board
- management of individual Academy's financial position working alongside Headteachers at an operational level
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy
- the preparation and approval of budgets and medium term financial plans
- ensuring returns to ESFA and other funding agencies are completed correctly and on time
- ensuring returns to statutory agencies are completed
- cash flow and treasury management including managing investments
- functional management of Academy Business Managers (under a matrix management approach with academy line manager)
- authorising orders and the award of contracts within the approval limits shown in [Appendix 1 – Record of Financial Responsibility](#)
- authorising payments within the approval limits shown in [Appendix 1 – Record of Financial Responsibility](#).

The School Business Managers

3.6 The School Business Managers work in close collaboration with the Trust Business Manager/CFO and Academy Headteachers. The main responsibilities of the School Business Manager/ Office Manager are:

- the day to day management of financial issues at their academy, ensuring appropriate escalation of issues to the Headteacher, CFO or CEO.
- authorising orders within the approval limits shown in [Appendix 1 – Record of Financial Responsibility](#)
- authorising payments within the approval limits shown in [Appendix 1 – Record of Financial Responsibility](#)
- preparation of budget analysis for their academy and supporting/guiding the Headteacher in financial matters relevant to pupil attainment and educational improvement
- Ensuring that financial controls are working effectively at academy level.
- Trust VAT returns
- monthly reconciliation of the Trust bank account
- payroll processing
- month end closure procedures
- preparation of management and budget monitoring reports for the Trust
- supporting the Trust Business Manager/CFO in preparation of short and medium term financial planning.

Note: The School Business Managers also have additional non-finance responsibilities in relation to their academy which are outside the scope of this document.

Other staff

3.7 Other members of staff, primarily other finance staff and budget holders, will have some financial responsibility. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

3.8 Other finance functions carried out by finance staff include:

- processing orders and invoices, processing income
- maintenance of the fixed asset register

Internal Auditors

3.9 The Internal Auditors are appointed by the Board (through the Finance, Resources and Audit Committee) and provide Directors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Board with independent assurance that:

- the financial responsibilities of the Board are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions
- risks are identified and appropriate actions put in place.

3.10 The Board will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Finance, Resources and Audit Committee for review.

External Auditors

3.11 The Members appoint External Auditors, in writing through a formal letter of engagement. Their primary role is to:

- certify whether the accounts present a true and fair view of the Trust's financial performance and position
- provide a written review of the Accounting Officer's statement of regularity, propriety and compliance
- provide wider advice to the Trust, if requested, in areas such as the proper and regular use of funds, leasing/borrowing

The Trust's auditors are required by the ESFA to audit certain information, and this requirement is incorporated within the terms of engagement.

Pecuniary Interests

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

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

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

4 Finance system

4.1 The Academy Trust uses PSF Finance System at all its academies. All financial transactions of the Trust must be recorded on this system.

System Access and hosting

4.2 Entry to the PSF Finance System is password restricted and the Trust Business Manager/CFO is responsible for implementing a system which ensures that passwords are changed at least annually.

4.3 Access to the component parts of the system can also be restricted and the PSF Finance System is responsible for setting access levels for all members of staff using the system.

4.4 A single central database holds all financial records for the Trust and its Academies. It is licenced and hosted by PSF Finance System and therefore there is no need for local back up.

Transaction Processing

4.5 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the PSF Finance System manual.

4.6 All journal entries must be documented on the appropriate journal form, recorded in the journal book and input to the accounting system by a member of the fiancé team. The print out must be authorised by the Headteacher. Bank transactions should be input by the Admin Assistant and the input should be checked, and signed to evidence this check, by the Trust Business Manager/CFO or Office Manager.

4.7 Detailed information on the operation of the finance system can be found in the user manuals held in the Finance Office.

Transaction Reports

4.8 The Trust Business Manager/CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- regular audit trail reports
- regular monitoring of the payroll, purchase ledger and sales ledger
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations of Balance Sheet Accounts

4.9 Currently Schools Choice and the Business Manager from Handford Hall are responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared before production of the Management Accounts:

- sales ledger control account: monthly
- purchase ledger control account: monthly
- payroll control account: monthly
- all suspense accounts: monthly
- bank balance per the nominal ledger: monthly within 5 working days to the bank statement (if visit schedule permits where bursar role is subcontracted)
- VAT control account: monthly
- Fixed Assets: monthly

- 4.10 Any unusual or long outstanding reconciling items must be brought to the attention of the Trust Business Manager/CFO. The Trust Business Manager/CFO will review and sign all reconciliations as evidence of this review.

Segregation of Duties

- 4.11 The Trust ensures adequate segregation of duties by ensuring that the same person does not both process and record transactions. Finance staff in each academy will obtain authorisation from the Office Manager, Headteacher or Trust Business Manager/CFO before processing transactions, including placing purchase orders, banking income, and processing payments.

5 Financial Planning

- 5.1 The Trust Business Manager/CFO and School Business Managers will prepare both medium term (3 year) and short-term (1 year) financial plans for the Trust and working with each academy.
- 5.2 The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Development Plan indicates how the Trust's and each academy's educational and other objectives / priorities are going to be achieved within the expected level of resources over the next three years.
- 5.3 The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

Development Plan

- 5.4 The Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Board will set overall Core Objectives on behalf of the Trust, which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.
- 5.5 The form and content of the Development Plan will be set by the CEO.
- 5.6 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

Annual Budget

- 5.7 The Trust Business Manager/CFO is responsible for working with the CEO, Headteachers and School Business Managers to prepare a draft annual budget for consideration.
- 5.8 The approved budget must be submitted to the DfE by the specified date, and the Trust Business Manager/CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 5.9 The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Development Plan objectives and the budgeted utilisation of resources.

5.10 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to the academies to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings considering the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

5.11 Each academy should set a balanced budget, considering the current level of reserves, medium term projections and the need to invest to meet the longer-term business plan.

5.12 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where efficiencies can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

5.13 Once the different options and scenarios have been considered, a draft budget should be prepared by the Trust Business Manager/CFO for the CEO, and submitted for review to the Finance, Resources and Audit Committee and then approved by the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

5.14 The budget should be seen as a working document which may need revising throughout the year as circumstances change. The budget should be accompanied by a commentary so that if circumstances change, it is easier for all concerned to take remedial action. Only the Board may agree to change individual and the overall Trust financial targets (i.e. net surplus or deficit)

Monitoring and Review

5.15 Monthly reports will be prepared by the Trust Business Manager/CFO and School Business Managers. The reports will detail actual income and expenditure against budget. The report will include a latest forecast for the year.

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

5.17 If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised as shown in [Appendix 1 – Record of Financial Responsibility](#)

Cash Flow Forecasts

5.18 The Trust Business Manager/CFO is responsible for preparing regular cash flow forecasts for twelve months ahead to ensure that the Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile expenditure by reviewing projects to cover potential cash shortages.

The Board, or Finance, Resources and Audit Committee or CEO may ask for a rolling 13 week cashflow to be prepared on an exceptional basis should the 12 month cashflow show areas of significant concern.

6 MAT Financing

GAG Pooling

6.1 The Trust does not pool GAG for its academies but accounts for the GAG for each academy separately.

Recharging of Central Costs

6.2 The Trust will prepare a budget for all centrally held costs of running the Trust, which will include the CEO and Trust Business Manager/CFO, project manager, central finance functions, and the costs of meeting the Trust's statutory obligations.

6.3 The Trust will define a methodology for recharging each of these costs to the academies. Such costs will be recharged on an annual basis with each academy within the Trust contributing 5% of its GAG and Early Years income to central Trust funds. Any revisions to the budgeted cost structure must be agreed by the Trust Board, and agreed by each academy's School Local Governing Body.

The detailed mechanism and policy for recharging costs is held within [Appendix 8 – Central Trust Recharge Policy](#).

7 Payroll

7.1 The main elements of the payroll system are:

- staff appointments
- payroll administration and payments.

Staff Appointments

7.2 As part of the annual budget process, the Trust Board will approve a staffing structure for the Trust and academies. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the Finance, Resources and Audit Committee and CEO who must ensure that adequate budgetary provision exists. Establishment changes must be approved by the Trust Board.

7.3 All staff appointments must be approved in line with the Scheme of Delegations (Appendix 4)

Payroll Administration and Payments

7.4 Payroll is currently outsourced and the approval of the Finance Resources & Audit Committee is needed to change any such arrangements.

- 7.5 The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO, and will require approval by the Finance, Resources and Audit Committee. Changes to employee terms and conditions must be approved by the Trust Board.
- 7.6 The monthly payroll must be approved by the School Business Managers prior to payments being made and reviewed subsequently by the Trust Business Manager/CFO.
- 7.7 Amendments to master files, e.g., starters, leavers and contract variations must be authorised by the Headteachers.
- 7.8 All severance payments must be approved at Board level, with due consideration to the requirements regarding such payments laid out in the Academies Financial Handbook in relation to value for money and the best interests of the Trust. It is further noted that ESFA approval is required for any severance payment in excess of the defined ESFA threshold (currently £50,000).
- 7.9 All payments to individuals in respect of services rendered to the Trust or the Academies within it must always be carried out via the payroll system. Where appropriate tax and NI will be deducted as a matter of course.
- 7.10 Payroll control reconciliations must be carried out each month for the net pay control, PAYE/NI liability account(s) and other third party payover accounts.

8 Procurement

- 8.1 The Trust wants to achieve the best value for money from all its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:
- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
 - Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
 - Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

It is particularly important in the case of the Trust that any tenders where a Trust director may have a conflict of interest are managed with utmost probity.

Routine Purchasing

- 8.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the School Business Managers, and to ensure that any expenditure is consistent with the objectives of the academy and that funds available are not overspent.
- Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see [Appendix 1 – Record of Financial Responsibility](#)).

- 8.3 It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

Forms of Tenders

- 8.4 Details of forms of tenders and how to run a tender process are included in [Appendix 2 – Procurement Policy](#)

Purchase Invoice Processing

- 8.5 Purchase invoices should be checked against the order, and a signature obtained on the goods received note to confirm goods or services have been received and are satisfactory, prior to processing for payment.
- 8.6 Payments to individual persons in respect of services rendered to the Trust or the Academies within it must always be carried out via the payroll system. Where appropriate tax and NI will be deducted as a matter of course.
- 8.7 Where individuals claim to be self –employed consideration must be given to HMRC guidance on <https://www.gov.uk/guidance/employment-status-indicator> before processing any payment as a self-employed individual.
- 8.8 Payments to contractors must comply with the Construction Industry Scheme (CIS).

Purchasing Cards

- 8.9 Purchasing cards are held centrally and are to be used only for business (not personal) expenses.
- 8.10 Such cards are to be used for purchasing low value items in person and over the phone, in scenarios where no centrally negotiated contract exists for the relevant items. Each transaction must be recorded so that the statement can be reconciled on receipt.
- 8.11 Each cardholder must certify that they will take responsibility for keeping their card safe and use it only for the purpose specified as identified in [Appendix 10 – Purchasing Card Policy](#)

Procedures for the authorisation of expenditure using purchasing cards are identified in [Appendix 1 – Record of Financial Responsibility](#).

The School Business Manager is responsible for the monthly reconciliation of the card statement for their academy.

9 Income

9.1 The main sources of income for the Trust are the grants from the DfE/ESFA. The receipt of these sums is monitored directly by the School Business Managers at the relevant academy and entered by them into the finance system. The Trust Business Manager/CFO is responsible for ensuring that all grants due to the Trust are collected and works with the School Business Managers to discharge their responsibilities in this matter.

9.2 Grant funding is received from sources such as the local county and borough councils for a variety of purposes including but not limited to High Needs funding.

9.3 The Trust also obtains income from:

- students, for example trips, activities, uniforms, school dinners
- the public, mainly from lettings.

The receipt of these sums is monitored directly by administrative staff at the relevant academy and entered by them into the finance system.

9.4 Where appropriate the sales or student ledger is used to invoice for income due from lettings, tuition or consultancy provided by the Trust, to ensure that income is recognised as it falls due.

Trips Income

9.5 Payments should be made online, or by cheque/cash directly to the Finance Office.

9.6 It is the responsibility of the Headteachers to ensure all trips costs are fully funded.

Lettings Income

9.7 Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges and enforcing the need for public liability insurance. This policy will be reviewed annually.

- Lettings income is not directly connected with the primary charitable education work of the Trust or its academies and as such has implications for the reclamation of VAT. See [Appendix 3 – VAT Policy](#).

Custody

9.8 Monies collected should be held securely in each academy finance office safe and should be banked and reconciled within 10 working days.

10 Cash Management

Bank Accounts

- 10.1 The Trust will operate with a single bank account across all academies within the Trust.
- 10.2 The opening of any new accounts must be authorised by the Trust Board who must set out in a formal memorandum the arrangements covering the operation of the accounts, including any transfers between accounts and cheque signing arrangements.
- 10.3 Cheques must be signed by any two valid signatories as identified in [Appendix 1 Record of Financial Responsibility](#).
- 10.4 Online and BACS payments set up and authorisation requires the same level of control as cheque payments, requiring the approval of any two from the list of authorised persons, as listed in [Appendix 1 Record of Financial Responsibility](#).

Direct Debits

- 10.5 Direct debits must be approved by two signatories when they are set up.
- 10.6 Supplier VAT invoices should be obtained for direct debits so that VAT can be reclaimed.

Payments and withdrawals

- 10.7 All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of two authorised signatories as listed in [Appendix 1 – Record of Financial Responsibility](#).

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust.

Administration

10.8 All bank accounts must be reconciled monthly and checked by the Trust Business Manager/CFO.

10.9 Any unusual or long outstanding reconciling items must be brought to the attention of the Trust Business Manager/CFO who will review and counter-sign all reconciliations as evidence of review.

11 Petty Cash Accounts

11.1 Each academy maintains a maximum cash balance as detailed in [Appendix 1 – Record of Financial Responsibility](#) however no academy currently holds petty cash.

12 Fixed assets

12.1 A Fixed Asset is any tangible asset purchased for use in the day-to-day operations of the Trust that has significant value and from which an economic benefit will be derived over a period greater than one year. Fixed Assets include items of property and equipment such as buildings, office furniture, fixtures, computers and other related technology equipment.

12.2 The implementation of an effective and accurate process for tracking fixed assets is necessary for several reasons:

- to ensure staff take responsibility for the safe custody of assets
- to ensure independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- to enable the external auditors to draw conclusions on the annual accounts and the Trust's financial system
- to support insurance claims in the event of fire, theft, vandalism or other disasters.

As such fixed assets above a predefined threshold are registered, capitalised and depreciated.

Further detail is found in the current policy in [Appendix 5 - Asset Control Policy](#).

13 Companies Policy

13.1 The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

14 Reserves & Investments Policy

14.1 The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.

Details of this policy are found in [Appendix 9 – Reserves Policy](#)

14.2 The Trust will take a very prudent approach to any deposits or investments that it makes.

Details of this policy are found in [Appendix 9 – Reserves Policy](#)

15 Charging & Remission Policy

15.1 The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

15.2 The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

15.3 Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Head Teacher.

The policy to be used by all our academies can be found in .

16 Staff Expenses

16.1 The Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- travel by public transport
- use of own car and parking (excluding home to work travel)
- unavoidable overnight accommodation
- reimbursement for approved items bought on behalf of the Trust.

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and will be made available.

Staff must have prior agreement for spend prior to incurring the expense or making commitments to do so. The financial authorisation process varies according to the amount of the spend. Further details in [Appendix 1 – Record of Financial Responsibility](#).

16.2 Staff must submit an expenses claim form and seek approval as laid out in the Finance Regulations in Appendix 1 before being sent to the Business Manager to be paid. All claims must be accompanied by receipts.

16.3 The Trust Business Manager/CFO will monitor claims to ensure compliance with this policy.

17 Directors' Expenses

17.1 Directors and members of the Trust may claim for reasonable expenses incurred when acting on behalf of the Trust. Expenses may be incurred through:

- attendance at meetings of the Trust Board or Local Governing Body or their sub-committees
- meetings with authorities, regulators, auditors etc
- meetings with members of staff or prospective staff connected with their official duties
- other official meetings.

It is expected that Directors and members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

Directors and members may not claim for:

- time spent working as a Director or Member
- loss of earnings
- food or refreshments
- expenses in connection with foreign travel other than as allowed below.

The level of expenses that can be claimed will be no higher than for staff in the academies.

Further guidance is provided in the Charity Commission guidance document ["Trustee Expenses and Payments \(C11\)"](#)

18 Bad Debts

18.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

18.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

18.3 Income from lettings will be collected in accordance with the Lettings Policy.

18.4 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- 4 weeks from date of account - 1st reminder
- 8 weeks from date of account – final reminder.

The final reminder will be by recorded delivery and threaten legal action if the account is not settled within 14 days. After 12 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

18.5 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Financial Authorisations in Appendix 1 and in accordance with the guidance provided in the Academies Financial Handbook.

18.6 To ensure sound internal control, staff who raise invoices will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

18.7 The Trust will retain a Bad Debt Write-Off Summary.

19 Pension liabilities

19.1 Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme (for teaching staff) and the Local Government Pension Scheme (for support staff). These are defined benefit schemes, are contracted out of the State Second Pension (S2P) and the assets are held separately from those of the Trust.

19.2 The Trust is responsible for ensuring all relevant employer contributions are made to the relevant pension schemes.

19.3 The Trust must review and assess its pension liabilities and performance of pensions schemes annually and ensure adequate provision is being made to meet its responsibilities.

- Further detail can be found in [Appendix 6 – Accounting Policies](#).

20 Tax

20.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Trust Business Manager/CFO to ensure compliance with VAT regulations.

20.2 The Trust Business Manager/CFO will review liability for Corporation tax and, if applicable, ensure that Corporation Tax returns are completed on time and in accordance with legislation.

20.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

Further details are found in [Appendix 3 – VAT Policy](#).

21 Insurance

- 21.1 The Trust subscribes to the DFE Academies Risk Protection Arrangement (RPA)
- 21.2 The Trust reviews all risks annually to ensure the cover available, both commercially and via RPA, and the sums insured are adequate.
- 21.3 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 21.4 The Trust will not give any indemnity to a third party.
- 21.5 The Trust will immediately advise the insurers/RPA scheme of any accident, loss or other incident which may give rise to a claim.

22 Monitoring Outcomes & Review

- 22.1 This policy will be reviewed annually and the effectiveness of this policy and any associated procedures will also be monitored by the Finance, Resources and Audit Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results and recommendations will be presented by regular written reports to the Finance, Resources and Audit Committee.

Appendix 1 – Record of Financial Responsibility

[..\Approved Policies\OMAT Record of Financial Responsibility v1.0.docx](#)

Appendix 2 – Procurement Policy

[5.4 - Procurement and Purchasing Policy - v1.0 Approved.docx](#)

Appendix 4 - Scheme of Delegation

<..\..\Governance\170503 - OMAT Scheme of Delegation V2.1FINAL RATIFIEDdocx.docx>

Appendix 5 - Asset Control Policy

[..\..\Approved Policies\Asset Control and Accounting Policy - V1.1 - Approved 16.05.17.pdf](#)

Appendix 6 – Accounting Policies

[..\Approved Policies\Accounting Policy version 1 - approved 19.06.17.pdf](#)

Appendix 7 – Charging and Remissions Policy

[Charging and Remissions Policy version 1 \(1\) approved.docx](#)

Appendix 8 – Central Trust Recharge Policy

[Central Recharge Policy v1.0 - approved 20 04 17.pdf](#)

Appendix 9 – Reserves Policy

[..\Approved Policies\Reserves Policy V2.0 approved 19.06.17.pdf](#)

Appendix 10 – Purchasing Card Policy

[..\Approved Policies\Purchasing Card Policy - Version 1.1 Approved 16.05.17.pdf](#)