

# Inspire Partnership Multi Academy Trust

## Financial Management Policy



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Approved By:	Finance, Audit & Risk Committee
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## **Appendix 1**

New Supplier Set Up / Existing Supplier Amendment (including bank details)

## 1. Introduction

The purpose of this policy is to ensure that Inspire Partnership Multi Academy Trust maintains effective 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 our funding agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the Education and Skills Funding Agency (ESFA), primarily the Academy Trust Handbook (ATH). This policy expands on that and provides detailed information on the Trust's accounting procedures and systems.

This policy should be read in conjunction with the following Trust policies and with individual academy financial procedure notes as appropriate.

- Assets & Disposal Policy
- Anti-Fraud, Corruption and Bribery Policy
- Whistle Blowing Policy
- Treasury Management, Investment and Reserves Policy
- Gifts and Hospitality Policy
- Finance procedure notes
- Code of Conduct
- Expenses Policy

This policy will be regularly reviewed (at least annually), and any changes must be approved by Trustees.

This policy applies to the Trust and to each individual academy. This policy should be read by all staff involved in financial transactions.

Instances of non-compliance with this policy will be reviewed by the Chief Financial Officer and if considered serious, will be reported to the Trustees.

## 2. Financial Responsibilities

The key financial responsibilities within the Trust are outlined in the Trust's Scheme of Delegation. The main areas of responsibility are outlined below:

### **The Board of Trustees**

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The Board is responsible for managing the financial affairs of the Trust to ensure that the Trust's funds are used in accordance with charity law, company law, the funding agreement, and the ATH. The Trustees are held to account by the

Secretary of State, although the Board delegates certain powers to the Accounting Officer.

### **Finance Audit and Risk Committee Functions**

The functions of the Finance, Audit and Risk Committee are performed by members of the Board of Trustees, meeting at least 3 times per year.

To support them in this role, the Board has commissioned a programme of internal assurance testing to be carried out by auditors. The Board receives internal assurance reports after audit testing throughout the year.

The responsibilities of the committee are detailed in written terms of reference which have been authorised by the Board of Trustees. Staff employed by the Trust may remain in attendance when audit matters are discussed but will not participate as members. Where there is a need for a separate Audit Committee, the Chair of the Audit Committee will not be the Chair of any other Committee and will not be a member of the Finance Committee. (N.B. Per ATH, Trusts with income in excess of £50m must have a separate Audit Committee).

### **The Accounting Officer**

The Trust have appointed the Chief Executive Officer as the Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with the ATH, the Funding Agreement and all relevant aspects of company and charitable law.

### **The Chief Financial Officer**

The main responsibilities of the Chief Financial Officer are:

- the establishment and operation of a suitable accounting system
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- implementation and operation of rigorous and robust audits and control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- ensuring the timely submission of external returns to the ESFA, DFE, HMRC and other stakeholders as required
- oversight of monthly and annual management accounts

### **Finance Officer**

The main responsibilities of the Finance Officer are:

- the production and circulation of school level monthly management accounts
- the oversight of all Trust contracts registers
- the management of budget virements and budgetary control

### **Other Finance Staff**

School Business Officers, the Finance Assistant and other school and central leaders and office staff play a key role in providing day to day support to the Chief Financial Officer and Finance Officer.

### **Other Staff**

Other members of staff will have some financial responsibilities and some budgets are delegated to budget holders on the financial management system. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

### **Register of Interests and Related Parties (Companies, Trusts and Other Organisations)**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all members, Trustees, leadership teams and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust MAY purchase goods or services. Close family relationships within the Trust are also declared as per the ATH requirements. The register is open to public inspection and published on the website.

The existence of a register of business interests does not, of course, detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed at committee and is a standard item on every agenda. Where an interest has been declared, Trustees and staff should not attend that part of any meeting.

**Related Party transactions will only be entered into within the restrictions of the ATH and will be subject to approval of the Board.**

### **Gifts and Hospitality**

All personal gifts and hospitality, other than those with a token value below £25, received by Trustees and staff should be declared and recorded. This minimises the risk of staff and Trustees being compromised by expectations of reciprocal benefits.

The Chief Financial Officer, Headteacher or Chief Executive Officer should be consulted before any such gifts or offers of hospitality are accepted. Where one of these staff members is involved, they must consult one of the other nominated staff members.

In line with the Gifts and Hospitality policy, a register of all acceptances and refusals is maintained.

## **Governance Information**

Key information regarding the governance structure will be kept up to date on the DfE 'Get Information About Schools' system, on Companies House and on the Trust website. This is the responsibility of the Chief Executive Officer.

## **3. Accounting System**

### **Accounting System**

#### **Key responsibilities of the central Trust**

Establish and maintain the accounting system  
Determine the financial control procedures  
Determine user access rights  
Complete control account and reconciliation procedures

#### **Key responsibilities of each academy**

Process transactions in line with agreed procedures and authorisation limits  
Keep user access accounts secure and not share log-ins.

All the financial transactions of the Trust must be recorded on the finance system, Access for Education. This system is operated by the Chief Financial Officer and consists of

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger
- Cash Book
- Management accounts and reporting

### **System Access**

Access to Access for Education is determined by the Chief Financial Officer. The Chief Financial Officer, Chief Operating Officer and Finance Officer have access to amend the system, set up any controls and determine appropriate levels of access for users of the system.

User access to Access for Education is controlled through secure user accounts and passwords. It is the responsibility of all system users to keep their password secure. Access to the system is password protected with password changes automatically implemented on a regular basis.

A multiuser licence is operated across the Trust. System access must ensure that there is adequate separation of duties in the process and that users may not initiate and approve transactions.

Approved users will be the Chief Financial Officer, School Business Officers, members of the central team and office staff with finance responsibilities. Budget holders also have online access to their budget reports and purchase requisitioning. In addition, the Chair of Trustees, Chair of the Finance, Audit and Risk Committees, the CEO and Headteachers will have access to authorise orders and invoices as per the Trust Scheme of Delegation.

Monthly management accounts will be prepared on an accruals basis and will be uploaded to the GVO secure site by 25<sup>th</sup> of the following month.

Month end control accounts will be reconciled at the end of each month and signed off by the Headteacher/ CFO as appropriate.

### **Back-up Procedures and Business Continuity**

It is the contractual responsibility of Access for Education to maintain adequate system back-up and disaster recovery procedures.

The Chief Financial Officer together with the Executive Leadership Team will also prepare a Business Continuity Plan in the event of loss of accounting facilities or financial data. This should be included in the annual assessment made of the major risks to which the Trust is exposed.

### **Journal Processing**

All nominal journal entries must be documented appropriately and authorised by the Chief Financial Officer or the Finance Officer, who will review all journals monthly.

### **Reconciliations**

The Chief Financial Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Central sales and purchase ledger
- payroll control account
- balance sheet accounts
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

At school/service level, the School Business Officers will review and reconcile the sales and purchase ledger, outstanding orders and petty cash and credit card.

All other monthly reconciliations will be prepared by Finance Officer and reviewed, in a timely manner, by the Chief Financial Officer and signed as evidence of that review.

## 4. Financial Planning

### Financial Planning

#### **Key responsibilities of the central Trust**

Determine the overall financial strategy for the Trust

Oversight of the Trust Finances

Oversight of compliance with funding agreement and statutory responsibilities

Production of management accounts

Production of annual financial statements

#### **Key responsibilities of each academy**

Budget management

Maintenance of accounting records in line with the procedures in this policy

### **Medium term financial plan**

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

The Strategic Development Plan and the School Development Plans provide the framework for the annual budget and three-year forecast. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below. This document is updated monthly with any known changes and shared with Trustees via the GVO portal. The Trust maintains reserves of at least 1 months' salary, as documented in the Treasury Management, Investment and Reserves Policy.

### **Annual Budget**

The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget and three-year forecast. The budget must be approved by the full Board.

The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that ESFA requirements regarding budget returns can be met.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year (and subsequent two years) and how those resources are to be utilised. There should be a clear link between the Strategic Development Plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of funding depending upon the funded places from the ESFA and Local Authority
- review of other income sources available to the Trust 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 in light of the development plan objectives and the expected variations in cost e.g., pay increases, inflation, and other anticipated changes.

### **Balancing the Budget**

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, or to support the Trust Capital Plan. The funding agreement allows for revenue reserves be carried forward without time limit.

### **Reserves**

The Trust will determine the appropriate level of reserves that will be prudent to hold, and this will be considered as part of the annual and longer-term budget setting. This is detailed within the Investment, Treasury Management and Reserves Policy and is reviewed annually.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget is prepared by the Chief Financial Officer and approved by the Chief Operating Officer, Chief Executive Officer, Finance Audit and Risk Committee and then 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.

### **Budget holders**

It is the responsibility of budget holders to take all reasonable steps to not exceed budget allocations. The financial management system will not allow orders or invoices to be processed where budgets have been exhausted.

## Monitoring and Review

Monthly school level reports will be prepared by the Finance Officer and reviewed by the Chief Financial Officer. The reports will detail actual income and expenditure against budget at a summary level for the Headteachers and Local Governing Bodies. The Chief Financial Officer will prepare the consolidated management accounts pack which will be reviewed by the Chief Executive Officer and Trustees. Budget holders and Headteachers can access Budget vs Actual reports online.

Any potential under or overspend against the budget must in the first instance be discussed with the Chief Financial Officer and then approved by the Chief Executive Officer.

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. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency.

## Budget Virements

Virements up to £10,000 **between** budget headings may be approved by the Headteacher or jointly by the Chief Financial Officer and Chief Operating Officer.

Virements over £10,000 or impacting on reserves must be approved by the Chief Executive Officer with strategic oversight from the Finance, Audit and Risk Committee).

## Write-offs

Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge
- The likely expense of legal actions exceeds the likely recovery
- The debtor cannot be traced
- The debtor is unable to pay
- The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency
- 

Any debt write-off will need to be approved by Trustees, except for debts below £1,000 which can be approved by the CEO. A written record of reasons for write off must be maintained.

The Board of Trustees may perform the following financial transactions up to the limits set out below:

- writing off debts and losses (including any uncollected fines)
- entering into guarantees, indemnities, or letters of comfort (excluding those relating to borrowing by the Trust)

The limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction
- Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction

### **Novel, contentious, and repercussive transactions**

The ESFA defines novel payments as those in which the Trust has no experience or are outside the range of normal business activity for the Trust. Contentious payments are defined as those which might give rise to criticism of the Trust by the public or the media. Repercussive transactions are those which are likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

Novel, contentious, or repercussive payments must always be referred to the ESFA for explicit prior authorisation. If there is any doubt about the propriety of a payment the Trust must ask the ESFA in advance.

## **5. Payroll**

### **Payroll**

#### **Key responsibilities of the central Trust**

Appoint all Executive and central Trust posts in line with HR policies.

#### **Key responsibilities of the Chief Financial Officer**

Ensure payroll control accounts are reconciled and updated in Access for Education.

#### **Key responsibilities of the Chief Operating Officer**

Check and authorise monthly payroll reports from the payroll team.

#### **Key responsibilities of each academy**

Headteachers to appoint all teaching staff in line with HR policies and the Scheme of Delegation.

Notify payroll amendments to the Trust payroll and inform Chief Operational Officer.

Maintain accurate HR files and records.

## **Staff Appointments**

Headteachers have authority to appoint staff within the authorised staffing structure and budget for the academy, subject to the limitations of the Scheme of Delegation.

The Chief Executive Officer has authority to appoint central Trust staff and Headteachers (the latter is subject to the approval of the Trustees). Trustees must appoint the Chief Executive Officer, Deputy CEO, Chief Operating Officer and Chief Financial Officer.

Each academy and the central team maintain online personnel files for all relevant members of staff. Contracts of employment are held on the online HR system.

## **Payroll Administration**

All members of staff are paid monthly, on 15<sup>th</sup> of the month, by BACS transfer.

The Trust payroll processing is administered through a contractual arrangement with an external payroll team. The payroll team will also determine monthly payroll timetables for key processing dates, and these will be shared with relevant staff.

Each academy is responsible for notifying the payroll team of sickness and other absences during the month. New appointments or terminations are completed on a monthly basis and authorised by the Headteacher and Chief Operating Officer before they are passed to the payroll team for processing. Payments will only be made to a personal bank account.

Claims for overtime, additional hours and supply cover are manually recorded and approved by the signature of Headteacher, approved line manager or Chief Executive Officer. These amendments are then submitted to the payroll team.

The payroll team processes the payroll and sends detailed staffing payment reports for approval in advance to the Chief Operating Officer. The reports are reviewed by the HR and Payroll Manager; all transactions are checked for reasonableness and detailed spot checks are also completed. The reports are then passed to the Chief Operating Officer for review and approval. Both the reviewer and the approver will sign the report and then upload the signed report to the shared payroll folder to evidence these checks.

In the event of a holiday or remote working, this can be done by email. Any amendments are notified to payroll by the HR and Payroll Manager, in preparation for the following payroll run.

The payroll team makes all payroll payments via BACS bureau to employees (net pay) and external bodies for statutory and non-statutory deductions made and payments are deducted straight from the Trust bank account. The central finance team make other third-party payments.

After the payroll has been processed the nominal ledger will be updated by the Trust finance team. Postings will be made both to the payroll control account and to appropriate cost centres. The Finance Officer should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

## **Mileage Claims**

Claims for mileage are made on the appropriate form, signed by the employee, and approved by the Headteacher, approved line manager or Chief Executive Officer before payment.

NB if employees use their own vehicle for Trust business, they will be required to provide appropriate documentation to ensure that the vehicle:

- is insured for business purposes
- has a current MOT certificate (where applicable)
- driving licence

The School Business Officers in each academy will be responsible for maintaining a record of the checks carried out to verify these requirements, the central staff claims will be checked by the Chief Executive Officer's PA.

Mileage claims by the Headteachers should be approved by the Chief Executive Officer. Claims by the Chief Executive Officer will be approved by Chair of the Board, or the Vice Chair in his absence.

## **Staff Severance Payments**

Non-contractual payments at the end of employment would only be paid if the Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

The Chief Executive Officer can approve contractual severance payments and in conjunction with the Trust Board may approve non-contractual payments up to £50,000; the calculation of payments will be verified by the Chief Financial Officer to ensure compliance with the ATH.

Non-contractual payments over £49,999 require approval in advance from HM Treasury.

## 6. Purchasing

### Purchasing

#### Key responsibilities of the central Trust

Manage all quotation and tendering procedures over £5,000.

Manage the supplier database

Prepare and manage VAT returns

#### Key responsibilities of each academy

Process transactions in line with agreed procedures and authorisation limits and the financial standards in this policy

Comply with competitive purchasing requirements

The Trust wants to achieve the best value for money from all its purchases. A large proportion of purchases will be paid for with public funds and they 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

### Routine Purchasing

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent (the Access system will not allow overspends on individual cost centres). Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget are available online for all budget holders.

### Leasing

The Trust does not enter into any form of finance lease as a means of purchasing goods, as this is a form of borrowing. The Trust is not permitted to borrow. Operating leases are permitted. The Trust does occasionally enter into operating leases for the rental of equipment. All agreements are carefully reviewed and considered and approved by the CEO (up to £25K and Finance, Audit and Risk Committee (over £25K).

## Authorisation Limits

The following authorisation limits are in place for all orders and invoices

Central Trust		
Up to £10,000	Up to £25,000	Over £25,000
Chief Financial Officer	Chief Executive Officer	Trustees

Individual Academies		
Up to £10,000	Up to £25,000	Over £25,000
Headteacher or CFO	Chief Executive Officer	Trustees

## Procurement Process

Purchases across the whole Trust must be processed in accordance with the following financial standards:

- Official orders must be created for all purchases other than utility payments, purchasing card transactions, emergency repairs and those purchases controlled by a contract or agreement such as insurance etc.
- All orders must be made, or confirmed, in writing using an official order form produced by Access for Education. Requisitions must be via the Access for Education purchase requisition system from the budget holder
- Approved orders, authorised as per the above authorisation limits, will be recorded in the purchase order module of Access for Education which will allocate an order number. Orders will be despatched by email.
- Incoming deliveries will be despatched to departments accordingly and the goods will be checked against the goods received note. Any discrepancies should be recorded and discussed with the supplier without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy finance staff should be notified.

- Invoices will be authorised as per the above limits and invoices will then be passed to the Chief Financial Officer/central finance team for payment.
- All invoices must be signed off by the Headteacher or the CEO where it relates to the Trust.
- Invoices and any goods receipts notes will be uploaded and saved to the Access system.

On account purchases may be made by the Site Manager with approved suppliers and will be subject to prior approval by the Headteacher.

### **Payments**

An Access for Education report will be produced listing all individual invoices to be paid by BACS. The Finance Officer will review the listing and will complete spot checks back to source documentation and raise any queries with the individual academy. The listing will be signed as evidence of this review. The Chief Financial Officer will undertake spot checks of this list.

The process and controls regarding payments are detailed in section 8 of this policy.

### **VAT**

It is the responsibility of the Chief Financial Officer to prepare the Trust VAT return across the whole Trust.

### **Supplier Master-file**

Changes to supplier bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be documented on a template form (see appendix 1) which will document the evidence received and the method of verifying this information. The form will be checked by the finance staff completing the checks and then passed to the Chief Financial Officer, together with supporting documentation for authorisation prior to each payment run. The Chief Financial Officer will also regularly generate an Access for Education supplier audit report to cross-check the manual records

### **Competitive Purchasing Requirements and Limits**

**(The value of purchases is calculated as the value, excluding VAT, for the full duration of the contract including any extensions or options)**

#### **Orders up to £2,500**

In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability, and availability.

Fixed prices should be obtained for all purchases before orders are placed. Value for money should be demonstrated.

### **Orders over £2,500 but less than £25,000**

Three written quotations should be obtained for all orders between £2,500 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made. If appropriate, government or local procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

### **Orders over £25,000 but less than £50,000**

All expenditure over **£25,000** will be taken to the Finance, Audit and Risk Committee for approval, or a committee representative.

At least three written quotations should be obtained. A specification of requirements and evaluation criteria will be drawn up in advance. All potential contractors invited to submit quotations shall be provided in all instances with identical information and instructions. Quotes will be evaluated by more than one individual and a decision for recommendation to Trustees made.

If appropriate, government or local procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

If competitive quotes cannot be sought, a report will be taken for approval of the purchase, documenting the reasons why and how value for money has been otherwise assured

### **Orders over £50,000 but less than PCR 2015 Thresholds**

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures, detailed below, and will be managed by the Chief Financial Officer. These will need to be approved by the Board of Trustees.

If appropriate, government or local procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

### **Procurement Thresholds**

Purchases over PCR 2015 Regulation limits may fall under Government procurement rules which requires advertising on the 'Find a Tender' framework. When the Trust is likely to award such contracts, further guidance should be sought.

The Procurement Policy explains the process for managing tenders.

## 7. Income

### **Income**

#### **Key responsibilities of the Trust**

Determine the financial control procedures

Determine accounting treatment

Process and reconcile income transactions

#### **Key responsibilities of each academy**

To receive and bank income in line with agreed procedures and meet the financial standards in this policy.

The main sources of income for the Trust are funding from the ESFA and local authorities. The receipt of these sums is monitored by the Chief Financial Officer.

Bids for capital and other additional funding are subject to the approval of the Chief Executive Officer up to £25,000 and significant bids will be highlighted in advance with Trustees (e.g., CIF funding).

The Trust and individual academies also obtain income from:

- recharges to other school and Local Authorities/ Trusts for services provided
- uniform sales (a small amount)

The Trust does not charge pupils for trips and meals

### **Lettings & Hire of Facilities**

The Trust has a policy to deal with income from lettings. This policy ensures that: -

- Adequate records are maintained of all bookings made
- Payment should be made in advance wherever possible
- Sales Ledger accounts are raised through Access for Education
- Debts will be monitored and promptly chased up
- Approval to write off debts must be obtained from Trustees

### **Recharges to Other Trusts**

Each academy/central Trust team has procedures to deal with income received. These must ensure that: -

- Adequate records are maintained of all bookings made
- Payment should be made in advance where possible and invoiced monthly
- Sales Ledger accounts are raised through Access for Education
- Debts will be monitored and promptly chased up
- Approval to write off debts must be in line with the Scheme of Delegation

### **Sales - School Uniforms etc**

Each academy has procedures to deal with income received. These must ensure that

- Records of stock held are maintained
- Stock is periodically counted and checked
- Income is reconciled against sales and stock records

### **Custody and Cashless Income Systems – General**

Each academy has procedures to deal with income that is received via School Cash Office (Cashless System) and via cash and cheques. These procedures must ensure that:

- All cash and cheques must be kept in the safe prior to banking
- Safe key holders are identified, and keys are held securely held
- Banking should take place monthly
- Monies collected must be banked in their entirety in the appropriate bank account or receipted as income into the relevant petty cash. This must be adequately documented as income
- Two members of staff must verify each banking
- Banking must be reconciled to source records of income received
- Income received via Schools Cash Office should be receipted the following working day by school admin staff

### **Income Reconciliation**

The Trust finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank/via Schools Cash Office and the sums posted to the accounting system.

The reconciliations must be prepared promptly, after each banking/receipt.

For direct bank receipts such as ESFA GAG payments etc, these should be entered as a cash book journal on Access for Education, checked to the funding schedules, and the remittance advices should be filed with the record.

## 8. Cash Management

### **Cash Management**

#### **Key responsibilities of the central Trust**

Determine the financial control procedures  
Manage cash deposits and investments in line with the policy  
Reconcile bank accounts  
Process payments through on-line banking  
Monitor the Trust cash flow

#### **Key responsibilities of each academy**

Operate cash and bank procedures in line with this policy

### **Bank Accounts**

The opening of all accounts must be authorised by the Finance, Audit and Risk Committee, via the Chief Financial Officer, who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor

### **Payments and withdrawals**

Cheques from Trust bank accounts must bear the signatures of two of the following authorised signatories:

Chief Executive Officer

Chief Financial Officer

Chief Operating Officer

Finance Officer

Business Operations Officer

This should be in line with the Scheme of Delegation

### **On-Line Banking System**

Access to the system is controlled via user accounts, passwords, and smartcards. It is the responsibility of each individual to maintain security of their passwords and cards.

All payments made via online banking must be approved as per the authorisation limits. The central finance apprentice is responsible for uploading the BACS file, once it has been checked and the following staff are approved to authorise payments on the system: -

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Finance Officer
- Business Operations Officer

At least two of the above are required to authorise a payment.

### **Bank Reconciliation**

The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to Access for Education
- adjustments arising are dealt with promptly
- The reconciliation statements will be prepared and signed by central finance staff and reviewed and signed by the Chief Financial Officer

### **Petty Cash - approved procedures**

Each academy has established procedures to deal with petty cash, where applicable. These procedures must ensure that:

- Petty cash must be locked in a locked secure tin and held in the safe where possible or locked filing cabinet
- VAT receipts supporting payments from petty cash are submitted to the finance office to enable the appropriate nominal code to be charged
- Petty cash is reconciled and reimbursed regularly
- Staff will sign on receipt of funds

Maximum funds held on site is £200.

### **Credit Cards**

The overall limit for the Multipay credit card system is £20,000 although the cumulative total of the individual limits at the time of reviewing this policy is £10,000.

Chief Executive Officer: Up to £2,000 limit

Chief Financial Officer: Up to £1,500 limit  
Headteacher: Up to £1,500 limit  
School Business Officer: Up to £1,000 limit  
Central Team: Up to £1,000 limit  
Premises Officers: Up to £500 limit

New credit cards must be approved by the CEO and Chief Financial Officer.

Academies have established procedures to deal with debit and credit cards usage. These procedures ensure that: -

- Cards are stored safely
- Requests for new cards are made through the Chief Financial Officer
- Cards are only used for academy business
- Cards are held securely by card holders, PINs kept secure not shared etc.
- Supporting documentation is held for all transactions
- Statements must be reconciled by the School Business Officers and reviewed by the Finance Officer and Chief Financial Officer as part of the month end procedure
- Records of the reconciliation and approval are maintained

### **Cash Flow Forecasts**

The Chief Financial Officer is responsible for the completion of monthly cash flow forecasts 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 income and expenditure to cover potential cash shortages.

### **Investments and Cash Deposits**

Low Risk Investments and deposits must be made only in accordance with written procedures approved by the Finance Audit and Risk Committee (see Treasury Management, Investment and Reserves Policy).

## **9. Fixed assets**

### **Fixed Assets**

#### **Key responsibilities of the central Trust**

Determine the financial control procedures  
Determine accounting treatment

#### **Key responsibilities of each academy**

Maintain adequate security over assets as per the policy  
Maintain asset register and inventory lists  
Perform asset checks

See also the Assets and Disposal Policy, as adopted by the Board of Trustees for more detailed procedures

### **Asset register**

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in the asset register.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable 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
- 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

### **Inventory of Assets**

In addition, an online record of all material (over £100) non-capitalised, attractive, portable assets will be maintained, and security controls operated in order to safeguard the Trust's property.

### **Security of assets**

All fixed assets are to be recorded – *see above on capitalisation limits*. The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by the Trust should be recorded as such. Physical counts against the register are undertaken annually at or about the end of the financial year. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

### **Disposals**

All requests for disposal must be submitted to the Chief Financial Officer for review and then approved by the Chief Executive Officer (up to £1,000) or the Finance Audit and Risk Committee (over £1,000) in line with the Assets and Disposal Policy. The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are detailed in the Assets and Disposal Policy.

### **Disposal Limits**

Disposal of land and buildings must be agreed in advance with the Secretary of State.

### **Loan of Assets**

Items of Trust property must not be removed from the premises without the authority of a member of the individual academies' Head teacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

## Appendix 1

*This form is to be used if Supplier details need to be updated or if a new supplier needs to be added onto Access for Education*

### Request to Approve New Supplier Form

**Please complete this form fully to request that a new Suppliers or Customer be added to Access Education (HCSS) or to amend a suppliers or customers details.**

**Do not order works, good or services from them until approved.**

**Approval may take up to 5 working days**

Name of Supplier:	
Address of Supplier incl. Postcode:	
VAT Number:	
Contact Name:	
Telephone Number	
Email Address for Purchase Order ( <i>only Applies to suppliers</i> ):	
Email Address for Remittance Advice:	
Website:	
Bank Account Name:	
Sort Code:	
Account Number:	
Type of goods provided: (if it is premises related, please clear with Trust Estates Manager who will complete a contractor's checklist to check for accreditation, further insurance etc.– this should be attached to this form)	

If this is a small firm, have you checked that their insurance levels are above £1m?	
If the supplier is working with children, have you checked their DBS?	
Have you checked if IR35 applies? If it does, please attached IR35 form.	
Reason for not using existing approved supplier:	
Is this supplier related/in a relationship with or named on the interest form of a member of staff, Local Governing Board or Trust? If so, please name the person related or with declared interest and check with Tracy Jackson before taking this any further	
Is the supplier a counterparty (i.e., a government funded body?):	
Date information received to warrant change:	
Change Information received i.e., letter from supplier, must be attached to this form and retained for audit purposes.	
To be completed by the central team	
Date Phoned Supplier to confirm details or change:	
Input on system by & Date:	
Authorised by CFO Date:	
In case of rejection, reason why:	
SBO informed:	
If supplier is related to a member of staff, Governor or member of the Trust, check related party, IFTJ approved, tick the related party box on Access	
If the supplier is a government funded body, tick the counterparty box on Access	

## IR35 Information

The off-payroll working rules can apply if a worker (sometimes known as a contractor) provides their services through their own limited company or another type of intermediary to the client.

An intermediary will usually be the worker's own personal service company, but could also be any of the following:

- a partnership
- a personal service company
- an individual

The rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same Income Tax and National Insurance contributions as employees. These rules are sometimes known as 'IR35'.

The client is the organisation who is or will be receiving the services of a contractor. They may also be known as the engager, hirer or end client. The client will be responsible for determining if the off-payroll working rules apply.

Get help on the off-payroll working rules (IR35) with [webinars, guidance and resources from HMRC](#).

You may be offered schemes that wrongly claim to get around the off-payroll working rules. Find out how to recognise [tax avoidance schemes aimed at contractors and agency workers](#).

### Who the rules apply to

You may be affected by these rules if you are:

- a worker who provides their services through their intermediary
- a client who receives services from a worker through their intermediary
- an agency providing workers' services through their intermediary

If the rules apply, Income Tax and employee National Insurance contributions must be deducted from fees and paid to HMRC. In addition, employer National Insurance contributions and Apprenticeship Levy, if applicable, must also be paid to HMRC.

You can use the [Check Employment Status for Tax](#) service to help you decide if the off-payroll working rules apply.