

This review:	<b>Oct 2023</b>
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<b>Next review:</b>	<b>Oct 2024</b>
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# Finance Policy

This policy is reviewed annually or as prompted by changes in Government policy or other circumstances

This document should be read with reference to the Scheme of Delegation and the Record of Financial Responsibility (RFR) containing the summary of financial authorisation levels

## History of Document

Ref:	<b>MATFIN-2023-2024</b>
Author:	<b>S Prickett</b>
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Reviewed by:	<b>Finance &amp; Audit Committee</b>
Approved by:	<b>Finance &amp; Audit Committee</b>
<b>Next review:</b>	<b>October 2024</b>
Trustees:	This document needs to be received by the Full Board.
V1	Issued July 2019 – J Steed
V2	Issued May 2021 to update full policy following expansion of the Trust and renaming of Resources Committee – S Prickett
V3	Issued October 2023 to update full policy following inclusion of Trust Financial Controller – S Prickett
V4	Issued November 2023 to update following inclusion of wording for Appeal re Equitable Funding – S Prickett

## 1 Background

- 1.1 The purpose of this policy and associated procedures is to ensure that the SENDAT ("the Trust") maintains and develops robust 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) and the Education and Skills Funding Agency (ESFA).
- 1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE and the Education and Skills Funding Agency (ESFA). This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by and used as a reference document for 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 Trustees' Expenses.
- 1.4 This policy relates to all of the Trust's academies and other associated provisions. 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

## 2 HM Treasury's "Regularity, Propriety and Value for Money".

- 2.1 This policy summarises, makes reference to and should be read alongside the following policies:
  - Record of Financial Responsibility (RoFR)
  - Procurement Policy
  - VAT Policy
  - Scheme of Delegation
  - Fixed Asset Policy
  - Charging & Remissions Policy
  - Reserves & Investment Policy
  - Bad Debt Policy
  - Travel and Expenses Policy
  - Trustees Expenses/Payment Policy

### 3 Trust Structure

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

- **Priory School including all Satellite Sites**
- **Stone Lodge Academy**
- **Chalk Hill Academy**
- **Duke of Lancaster**
- **Sunrise Academy**

3.2 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 Trustees and staff. The financial reporting structure is outlined below:

#### **The Board of Trustees**

3.2.1 The Board of Trustees has overall responsibility for the Trust's finances. The main responsibilities of the Board are prescribed in the Funding Agreement between the Academy Trust and the DfE and in the Trust's Scheme of Delegation. These include:

- Ensuring that grants from the ESFA are used only for the purposes intended
- Ensuring that funds are received according to the Trust's Funding Agreement, and are used only for the purposes intended
- Approval of the annual budget
- Appointment of the Chief Executive Officer (CEO)
- Appointment of the Chief Finance & Operations Officer (CFOO)

#### **The Finance and Audit Committee**

3.2.2 The Finance & Audit Committee is a committee of the Board of Trustees. The Finance & Audit Committee meets at least once a term but more frequently if necessary.

3.2.3 The main responsibilities of the Finance & Audit Committee are detailed in written terms of reference and include:

- The role of the Audit and Risk Committee and oversight of the Risk Register
- The initial review and authorisation of the annual budget prior to final approval by the Full Board of Trustees.
- The regular monitoring of actual expenditure and income against budget.
- To support the CFOO to promote and sustain good financial discipline, systems and control in order to maintain good use of public funds and reduce the opportunity for financial mismanagement
- To encourage and finesse the continuous improvement of the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- Ensuring the Trust Development Plan is linked to strategic financial management objectives and continued academy improvement in all areas
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985, Charity SORP and the ESFA guidance issued to academies.
- Approving the Scheme of Delegation and the Record of Financial Responsibility.
- Authorising changes to the Trust's personnel establishment.
- Considering and approving pay for the Trust's personnel establishment
- Reviewing the reports of the internal auditor, or internal scrutiny, on the effectiveness of the financial procedures and controls. These reports must also be reported to the Board of Trustees

## The CEO

3.2.4 Within the framework of the Trust Development Plan, as approved by the Board of Trustees, the CEO has overall executive responsibility for the Trust's activities including financial activities as 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 Academies Financial 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.

3.2.5 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 and ESFA 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 the Record of Financial Responsibilities (RoFR) - 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 Trustees have agreed should be approved by them.

**Note:** The CEO also has additional non financial responsibilities in relations to educational improvement which is beyond the scope of this document

## The CFOO

3.2.6 The CFOO works in close collaboration with the CEO through whom he or she is responsible to the Trustees. The CFOO also has direct access to the Trustees via the Finance & Audit Committee. The main responsibilities of the CFOO are:

- Having an oversight of the day to day financial issues including the establishment and operation of a suitable accounting system.
- The management of the Trust's financial position at a strategic and operational level
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the records of the trust.
- Overseeing the preparation of monthly management accounts.
- Authorising orders up to and equal to levels recorded within the Record of Financial responsibility
- Authorising invoices for previously authorised orders/purchases.
- Signing cheques/authorising BACS payments in conjunction with the CEO or other authorised signatory as per the Record of Financial Responsibility.
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the DFE/ESFA guidance and any other statutory bodies
- cash flow and treasury management including managing investments
- functional management of Academy Finance Managers (under a matrix management approach with academy line manager)
- authorising orders and the award of contracts within the approval limits shown RoFR
- authorising payments within the approval limits shown in RoFR

**Note: The CFOO also has a range of non financial operational duties relating to compliance and site & facilities management which is beyond the scope of this document**

### **The Trust Finance Manager (TFM)**

3.2.7 The Finance Officer works in close collaboration with the CFOO and other members of the SLT.

The main responsibilities of the Trust Finance Manager are:

- Preparation of monthly Payroll reports with CFOO oversight
- Work in collaboration with any Academies to enable the preparation and checks of monthly payroll runs, management accounts and monthly management reports to budget holders
- Reconciliation of monthly Payroll reports for monthly management accounts and identification of exceptions
- Work in collaboration with the CFOO & TFC to assist monthly management account process where required
- Reconciliation of bank and card transactions
- Monthly submission of VAT126 return
- The day to day management of the finance system and administration within the trust
- Providing training to Academy and Trust Finance staff where required and as appropriate
- The maintenance and development of effective systems of internal control.

### **The Trust Financial Controller (TFC)**

3.2.8 The Financial Controller works in close collaboration with the CFOO and other members of the SLT.

The main responsibilities of the Trust Financial Controller are:

- Work in collaboration with the CFOO for the timely preparation of monthly management accounts and monthly management reports to budget holders and other statutory returns
- Monitoring budgetary expenditure in line with budget constraints
- Fixed Asset system administration and capitalisation
- Work in collaboration with Academies to enable the preparation of monthly management accounts and monthly management reports to budget holders.
- The day to day management of the financial administration within the trust
- Providing training to Academy and Trust Finance staff where required and as appropriate
- The maintenance and development of effective systems of internal control

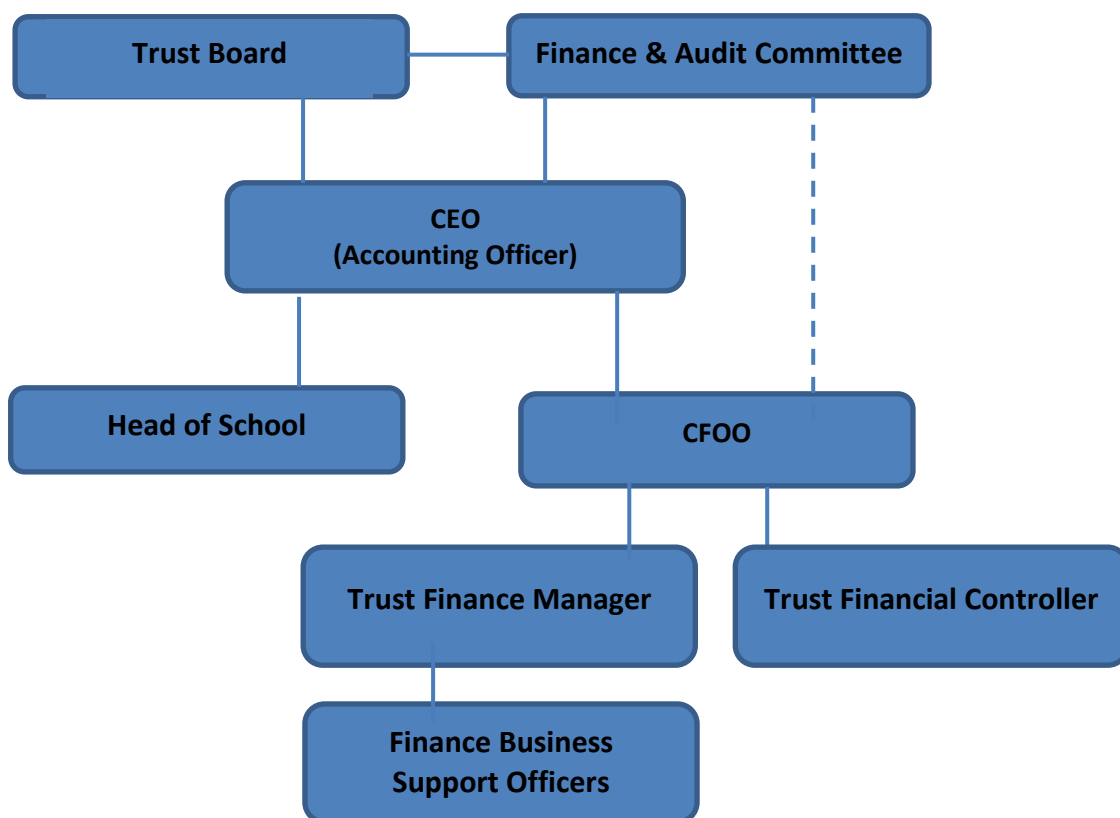
### **The Trust Finance Business Support Officers**

3.2.9 The Business Support Officers work in close collaboration with the CFOO/TFM/TFC and other members of the SLT.

The main responsibilities of the Trust Finance Business Support Officers are:

- The day to day operational processing of financial administration within the trust
- Providing training to Academy and Trust Finance staff where required and as appropriate
- The maintenance and continuation of effective systems of internal control.
- Work in collaboration with TFM & TFC to produce reports to budget holders
- Monitoring budgetary expenditure in line with budget constraints.
- Work in collaboration with Academies to enable supplies and services as needed within the framework of internal controls

## 4 Roles and Responsibilities (Finance)



4.1 Within the framework of the Trust's Development Plan, each academy Head of School has responsibility for the academy's activities including certain financial activities defined in Record of Financial Responsibility (RoFR)

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them or the CEO
- authorising orders within the approval limits shown in RoFR
- authorising local payments within the approval limits shown in RoFR
- monitoring the regular budget reports as defined in RoFR
- 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.

### Academy Finance Officers

As a rule SENDAT works towards establishing and maintaining a centralised model of Financial Management. Where academies join the Trust and a Finance Officer is already in place, the following will apply

4.2 The Academy Finance Officer works in close collaboration with the Trust Finance Manager. The main responsibilities of the Academy Finance Officer are:

- the day to day management of financial issues at their academy
- authorising payments within the approval limits shown in RoFR
- 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.

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

## Other staff

4.3 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.

4.4 Other finance functions carried out by finance staff include:

- processing orders and invoices, petty cash, processing income
- assisting monthly reconciliation of the Trust bank account
- assisting monthly reconciliation of the Trust prepaid purchase cards
- transactional payroll processing
- month end closure procedures
- preparation of management and budget monitoring reports for the Trust
- supporting the Trust Finance Manager in preparation of short and medium term financial planning.

## Internal Scrutiny

In line with the requirements of the Academies Trust Handbook (ATH), the Trust **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.

The Trust **must** deliver internal scrutiny in the way most appropriate to the circumstances and should refer to the ATH for eligible options.

4.5 Where a bought in service from a third party is considered, the Internal Auditors are appointed by the Board (through the Finance and Audit Committee) and provide Trustees with an independent oversight of the financial affairs. The main duties of the Internal Auditors will be as directed by the Finance and Audit committee and are primarily 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 considered in reaching decisions
- risks are identified, and appropriate actions put in place.
- Any other specific focus of remit provided by the Board has been adequately and responsibly discharged
- The scrutiny requirements of the ATH have been fulfilled

4.6 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 and Audit Committee for review.

4.7 All programmes of internal scrutiny should be carried out by suitably qualified and experienced personnel. This should be evidenced by membership of a professional body or appropriate qualifications in finance, accounting or audit.

4.8 The Financial Reporting Council's revised Ethical Standard states that a firm providing external audit to an entity shall not also provide internal audit services to it.

## External Auditors

4.9 The Board and Members appoints 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 but not limited to the proper and regular use of funds, leasing/borrowing
- produce audited accounts.

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

4.10 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 Trustees 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.

4.11 The register should include all business interests such as Trusteeships, 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.

4.12 The existence of a register of business interests does not detract from the duties of Trustees 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, Trustees and staff should not attend that part of any committee or other meeting.



## 5 Finance system

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

### System Access and Hosting

- 5.2 Entry to the Finance Systems is password restricted and the CFOO in collaboration with the Trust Finance Manager is responsible for implementing a system which ensures that passwords are changed at least annually.
- 5.3 Access to the component parts of the system can also be restricted and the Trust Finance Manager is responsible for setting access levels for all members of staff using the system.
- 5.4 The Trust IT Technician/Manager is responsible for ensuring there are effective back-up procedures for the system in each campus.
- 5.5 An Emergency Recovery Plan for Data Loss exists in the event of loss of accounting facilities or financial data. This will link with the annual assessment made by Governors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks
- 5.6 The Governors ensure the Data Protection Officer is notified in accordance with General Data Protection Regulation (GDPR) 2018 of any breaches and that the campus's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation. For further information see the Trusts GDPR policies.

### Transaction Processing

- 5.7 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 relevant Finance System manuals.
- 5.8 All journal entries must be documented on the appropriate journal form and authorised by the CFOO or Trust Finance Manager prior to being input to the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified on the RoFR see [Appendix 1](#)
- 5.9 Detailed information on the operation of the finance system can be found online or via the PSF Account Manager

### Transaction Reports

- 5.10 The CFOO in collaboration with the Trust Finance Manager 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 control accounts
  - monthly management accounts summarising expenditure and income against budget at budget holder level.
  - Reconciliation of the bank balance per the nominal ledger to the bank statement, at least monthly.

### Reconciliations of Balance Sheet Accounts

- 5.11 The CFOO, Trust Financial Controller and Trust Finance Manager is responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared:
- 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 Finance Manager role is subcontracted)
- VAT control account: monthly
- Fixed Assets: twice annually

Any unusual or long outstanding reconciling items must be brought to the attention of the CFOO & Finance & Audit Committee. The CFOO will review and sign all reconciliations as evidence of this review where they are printed hard copy.

### **Segregation of Duties**

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 Headteacher or CFOO before processing transactions, including placing purchase orders, banking income, and processing payments.

## 6 Financial Planning

- 6.1 The schools within SENDAT will prepare both medium term and short-term Development plans within the Trust Development Plan.
- 6.2 The medium-term financial plan linked to the Trust's Development 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.
- 6.3 The Trust 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

- 6.4 The Trust Development Plan is concerned with the future aims and objectives of the Trust and each campus and how they are to be achieved; the CEO 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.
- 6.5 The form and content of the Trust Development Plan will be set by the CEO.
- 6.6 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.
- 6.7 Development Plans should be submitted to the Trust Board for review.

### Annual Budget

- 6.8 The CFOO/Trust Finance Manager is responsible for working with the CEO, Heads of School, and Academy Finance Officers to prepare draft annual budgets for consideration for each campus.
- 6.9 The approved budget must be submitted to the DfE by the specified date, and the CFOO/ is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 6.10 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.
- 6.11 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

- 6.12A balanced budget should be set for each academy, considering the current level of reserves, medium term projections and the need to invest to meet the longer-term business plan.
- 6.13 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 cuts 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

- 6.14 Once the different options and scenarios have been considered, a draft budget should be prepared by the Trust Financial Controller and CFOO for the CEO and submitted for review to the Finance 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.
- 6.15 The budget should be 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. If an Academy recognises that a change to the agreed budget is required, a revised budget should be prepared, submitted to the Finance & Audit Committee for agreement then received by the Trust Board for final review and agreement.

## Monitoring and Review

- 6.16 Monthly reports will be prepared by the Trust Financial Controller and CFOO by the 15<sup>th</sup> working day after the 1<sup>st</sup> of the month. The reports will detail actual income and expenditure against budget. The report will include a latest forecast for the year.
- 6.17 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.

## Cash Flow Forecasts

- 6.18 The CFOO 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.

## 7 MAT Financing

### Equitable Funding (GAG Pooling)

7.1 Following the Annual Governance Day on 22<sup>nd</sup> April 2022, the Full Trust Board agreed that the Trust should operate a system of Equitable Funding equivalent to mainstream GAG pooling from September 2022. This pools all income in the Trust. This prevents a postcode lottery of support for all young people, via direction of resources to appropriate staffing, therapies and occupational costs, but also allows for the Highest Need Funding award (Band I) to benefit the individual child. Academies can submit a request for specific reserves expenditure.

### Academies Leaving the Trust

7.2 Treatment of Reserves if an Academy chooses to leave the Trust. The Board will agree the level of reserves that the Academy may depart with based on a percentage of the Academy's GAG and High Needs income. This will take into consideration overall Trust reserves and if the constituent academy has a deficit revenue balance.

### Appeals Process

- 7.3 If an Academy feel that they have been unfairly treated through the application of the Equitable Funding Reserves Pooling Policy they should submit an appeal through the Trusts' Internal Appeals Process detailed below.
- 7.4 In the first instance, the Academy leader must inform the CEO of the appeal in writing. The appeal should document the nature of the dispute, why additional funding is required (supported by appropriate evidence), what the funding will be used for, and what would be the potential impact on the Academy if the funding was not received. If the dispute cannot be fully resolved between the CEO and the Academy leader, the appeal will be escalated to the An Appeal Committee of the Board of Trustees via the Governance Professional. The Appeal Committee must meet to consider the appeal and notify the Academy leader of the outcome within 10 working days of the receipt of the documentation. If the Academy leader remains dissatisfied with the outcome, they must appeal directly to the Secretary of State, via the ESFA. All decisions reached by the Secretary of State are considered final.

### Recharging of Central Costs

- 7.5 7.2The Trust will prepare a budget for all centrally held costs of running the Trust, which will include staffing arrangements, and the costs of meeting the Trust's statutory obligations.
- 7.6 7.3The Trust will define a methodology for recharging each of these costs to the academies. Such costs will be recharged when the expenditure is due, based on actual/expected costs.

## 8 Payroll

- 8.1 The main elements of the payroll system are:
- staff appointments
  - payroll administration and payments
  - payroll reconciliation of actuals to budgeted position

### Staff Appointments

8.2 As part of the annual budget process, the Local Academy Board will approve a staff establishment 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 and Audit Committee and CEO who must ensure that adequate budgetary provision exists.

8.3 All Head of School appointments must be approved by the Trust Board. The Trust Board will appoint the CEO and CFOO. The CEO may appoint Head of Schools once approval has been given, and the CEO and Headteachers may appoint teaching and support staff at their schools.

8.4 The CEO will approve all appointments to the senior leadership team of the Trust

## **Payroll Administration and Payments**

8.5 Payroll is currently outsourced, and the approval of the Trust Board is needed to change any such arrangements.

8.6 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 Trust Leadership Group, and will require approval by the Trust Board. Changes to employee terms and conditions must be approved by the Trust Board.

8.7 The monthly payroll must be approved by the CFOO or Trust Finance Manager prior to payments being made.

8.8 Amendments to master files, e.g., starters, leavers and contract variations must be authorised by the Head of Schools or CFOO.

8.9 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).

8.10 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.

8.11 Payroll control reconciliations must be carried out each month for the net pay control, PAYE/NI liability account(s) and other third party pay over accounts.

## **9 Procurement**

9.1 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.

Transactions with related parties, including with Trustees or governors, should be at cost and not include a profit element.

For further details, please refer to the Trust Procurement Policy

## Routine Purchasing

9.2 Budget holders will be informed of the budget available to within one month of the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Trust Finance Manager, Trust Financial Controller or Academy Finance Officer 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 Record of Financial Responsibility)

9.3 It is always necessary to take the principles of best value into account 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

9.4 Details of forms of tenders and how to run a tender process are included in the Trust Procurement Policy

## Purchase Invoice Processing

9.5 Every effort should be made to raise a purchase order for all purchases by the Trust

9.6 Purchase invoices should be checked against the order, and a signature or email confirmation obtained from the originator to certify that goods or services have been received and are satisfactory, prior to processing for payment.

9.7 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.

9.8 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.

9.9 Payments to contractors must comply with the Construction Industry Scheme (CIS).

## Purchasing and Prepayment Cards

9.10 Purchasing cards are held centrally and are to be used only for business (not personal) expenses.

9.11 The Trust also allows prepayment cards to be held by individual budget holders at Trust and Academy level.

9.12 Both 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.

9.13 Each cardholder must certify that they will take responsibility for keeping their card safe and use it only for the purpose specified.

Procedures for the authorisation of expenditure using purchasing cards are identified in Record of Financial Responsibility

9.14 The Trust Finance Manager is responsible for the monthly reconciliation of all purchase card statements. Where appropriate, reconciliation of the Trust Prepayment Cards may be carried out by the Finance Business Support Officers.

## 10 Income

10.1 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 CFOO and entered by the Trust Finance Manager or Central Finance Staff onto the finance system. The CFOO/Trust Finance Manager is responsible for ensuring that all grants due to the Trust are collected and works with the Academy Finance Managers to discharge their responsibilities in this matter.

10.2 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.

10.3 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 staff at the relevant academy and entered by them into the finance system or related spreadsheets.

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

### Trips Income

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

10.6 It is the responsibility of the Heads of Schools to ensure all trips costs are fully funded.

### Lettings Income

10.7 Letting and hire of the Trust facilities will be conducted in line with the Trust Lettings Policy which includes a scale of charges and enforcing the need for public liability insurance. This policy will be reviewed annually and may include site specific appendices

- 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.

### Custody

10.8 Monies collected should be held securely in each academy site safe and should be banked and reconciled within 10 working days.



## 11 Cash Management

### Bank Accounts

11.1 The Trust operates one bank account.

11.2 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.

11.3 Cheques must be signed by any two valid signatories, which currently includes the CEO, CFOO, Academy Headteacher or Trust Safe Guarding Lead.

11.4 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.

### Direct Debits

11.5 Direct debits must be approved by two signatories when they are set up.

11.6 Supplier VAT invoices should be obtained for direct debits so that VAT can be reclaimed.

### Payments and withdrawals

11.7 All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of two authorised signatories as listed in the Record of Financial Responsibility

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

### Administration

11.8 All bank accounts must be reconciled at least monthly and checked by the Trust Finance Manager.

11.9 Any unusual or long outstanding reconciling items must be brought to the attention of the CFOO who will review and counter-sign all reconciliations as evidence of review.

## 12 Petty Cash Accounts

12.1 SENDAT academies will only hold Petty Cash Accounts in exceptional circumstances relating to the educational management of the student profile or other site specific circumstances. Where Petty Cash is held, the following will apply:

12.2 Each academy maintains a maximum cash balance as detailed in Record of Financial Responsibility

### Deposits

12.3 The only deposits to petty cash should be from cheques cashed specifically for the purpose. All other cash receipts for whatever reason should be paid directly into the bank.

## Payments and Withdrawals

12.4 In the interests of security, petty cash payments will be limited as shown in Record of Financial Responsibility

12.5 Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment. Payments from petty cash should be maintained at a minimum level and any payments over £10 should be paid by BACS.

12.6 Each request for re-imbusement must be recorded and authorised by the budget holder. The requestor must sign the form in receipt for re-imbusement.

## Administration

12.7 Petty Cash accounts will be reconciled at least monthly and all transactions recorded on the accounting systems monthly.

## Physical Security

12.8 Petty cash should be held in a locking cash box which is put in the safe overnight.

## 13 Fixed assets

13.1 Tangible fixed assets are 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

13.2 Intangible assets are non-monetary without physical form which are identifiable and provide future economic benefit. They are capable of being separated, sold, transferred, rented, or exchanged. Intangible assets can be acquired by purchase, business merger, grant, exchange of asset or self-creation. Recognition criteria must be met to ascertain if an intangible asset is to be capitalised as follows;

- The Trust will directly receive the economic benefit derived from the intangible asset.
- The cost of the asset can be measured reliably.
- If the recognition criteria are not met the asset must be charged to expense.

Intangible assets are measured at cost when incurred. This is capitalised when the organisation **receives** the asset. The values are carried based on cost less accumulated amortisation and impairment losses. Amortisation is applied over the useful life of the asset.

13.3 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..

### **Equipment not Included on Fixed Asset Register**

Where disposal of redundant equipment not included on the Fixed Asset Register occurs, the fair value of the item should be considered. Where the item is considered to be up to £500 (or £100 if disposed to an employee, LAB member or Director) the Trust Leadership Group should be consulted and approval of the CEO sought. Where the fair value is above £500 (or £100 if disposed to an employee) the approval of the Finance & Audit Committee is required.

## **14 Companies Policy**

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

## **15 Reserves & Investments Policy**

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

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

For further details please refer to the policy.

## 16 Charging & Remission Policy

16.1 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.

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

16.3 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.

For further details, please refer to the policy.

## 17 Staff Expenses

17.1 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, (including associated evening meal and breakfast)
- 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 Scheme of Delegation & Record of Financial Responsibility

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

17.3 The CFOO /Trust Finance Manager will monitor claims to ensure compliance with this policy.

## 18 Trustees' Expenses

18.1 Trustees and members of the Trust may claim for reasonable expenses incurred when acting on behalf of the Trust, in line with the Trust policy on Governors' Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates.

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 Trustees 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.

Trustees and members may not claim for:

- time spent working as a Trustee 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 \(C11\)”](#)

## 19 Bad Debts

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

19.2 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.

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

19.4 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.

19.5 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 Trust Handbook.

19.6 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.

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

## 20 Pension liabilities

- 20.1 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.
- 20.2 The Trust is responsible for ensuring all relevant employer contributions are made to the relevant pension schemes.
- 20.3 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.

## 21 Tax

- 21.1 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 Finance Manager/CFOO to ensure compliance with VAT regulations.
- 21.2 The CFOO will review liability for Corporation tax and, if applicable, ensure that Corporation Tax returns are completed on time and in accordance with legislation.
- 21.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

Further details are found in the VAT Policy

## 22 Insurance

- 22.1 The Trust currently is a member of the DfE Risk Protection Arrangement (RPA) to cover risks and will enrol all of its member academies into the scheme

Where items such as vehicles and engineering inspections that are not covered by the RPA, the Trust will source reasonable alternative insurance

- 22.2 The Trust reviews all risks annually to ensure the cover available, both commercially and via RPA, and the sums insured are adequate.
- 22.3 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 22.4 The Trust will not give any indemnity to a third party.
- 22.5 The Trust will immediately advise the insurers/RPA scheme of any accident, loss or other incident which may give rise to a claim.