



# Finance Policy

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## **A Introduction**

The purpose of this policy is to ensure that Clarion Corvus Trust (the **Trust**) maintains and develops systems of financial control which conform to the requirements of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Department for Education (**DFE**)/Education and Skills Funding Agency (**ESFA**).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DFE/ESFA, including the current version of the Academy Trust Handbook. This policy expands on such guidance and provides detailed information on the Trust's accounting procedures which are implemented by all staff involved with financial systems.

For information on pooling GAG reserves and the process for making a claim to the Trustee, please refer to the Pooled General Annual Grant (GAG) Reserves Policy

## **B Organisation and Governance**

The Trust has defined the responsibilities of each entity and person involved in the administration of finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff. The financial reporting structure is set out below:

### **The Trust Board**

The Trust Board is responsible for the overall direction of the Trust, determines the Trust's spending priorities and evaluates the effectiveness of spending decisions. The Trust Board holds overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Trust and the DFE and in the Trust Scheme of Delegation. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended;
- approval of the Annual Budget and any in year revisions to the Annual Budget;
- approval of the Trust Improvement Development Plan;
- appointment of the Chief Executive Officer;
- appointment of the Head Teachers and Heads of School in conjunction with the Chief Executive Officer;
- approval of the Scheme of Delegation;
- approval of the Finance Policy, Charging and Remissions Policy, Trustees and Governors Expenses Policy, and Business Interests, Gifts and Hospitality Policy;
- approval of Terms of Reference for Committees of the Trust Board, including the Property and Finance Committee and Local Governing Boards; and
- authorising contracts and expenditure above £100,000.

### **The Property and Finance Committee**

The Property and Finance Committee is a committee of the Trust Board with membership determined by the Trust Board annually in the autumn term.

The Property and Finance Committee meets at least once per term and additional meetings are arranged as necessary.

The responsibilities of the Property and Finance Committee are detailed in written Terms of Reference approved by the Trust Board. The main **financial** responsibilities include:

- preparation of the annual budget for the Trust and any in year revisions to the annual budget for approval by the Trust Board;
- monitoring financial performance against the annual budget and providing corrective action where required;

- development of medium-term financial planning and provision of guidance to the Trust Board on financial strategy and policy within resources available, including allocation of resources to specific and general reserves;
- ensuring that the annual accounts are prepared in a timely fashion and meet the requirements of company and charity law and the DFE/ESFA guidance and direction issued to academies;
- approval of arrangements to ensure compliance with financial regulations;
- provision of comprehensive insurance cover for all School activities;
- preparation and approval of all financial policies and procedures not reserved for approval by the Trust Board;
- appraisal of all projects and proposals with financial implications including consideration of long term planning and resourcing impact; and
- authorising contracts and expenditure between £15,001 and £100,000.

### **The Audit Committee**

The Audit and Risk Committee is a committee of the Trust Board with membership determined by the Trust. The Committee meets at least termly, and additional meetings are arranged as necessary.

The responsibilities of the Audit and Risk Committee are detailed in written Terms of Reference approved by the Trust Board. The main responsibilities of the Audit Committee include:

- promoting a climate of financial discipline and control to help ensure the highest standards of probity and efficiency.
- authority to investigate any activity that it deems relevant to its inquiries and to seek any information from staff that it requires;
- design, implementation and review of a robust programme of internal scrutiny of all aspects of financial management of the Trust;
- appointment of appropriately qualified and experienced persons or companies to undertake internal scrutiny activities; and
- taking corrective action based on the result of investigations and regular internal scrutiny reports of findings.

### **The Chief Executive Officer**

The Chief Executive Officer acts as the Accounting Officer for the Trust and has a personal accountability to the Secretary of State for Education, through the ESFA, for the financial activities and performance of the Trust.

Within the framework of the Trust Improvement Development Plan as approved by the Trust Board the Chief Executive Officer has overall executive responsibility for the Trust's activities including all financial activities. In practice much of the financial responsibility has been delegated to the Chief Financial Officer but the Chief Executive Officer still retains responsibility for:

- ensuring compliance with the Finance Policy and that all financial procedures and regulations provide strong systems of internal controls;
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Trust Board have agreed shall be approved by them;
- together with the Chief Financial Officer, authorising contracts and expenditure up to £15,000
- acting as the primary authorised signatory for the Trust in all financial matters, where necessary in conjunction with another authorised signatory from the senior leadership team; and
- undertaking monthly monitoring of the budget and key financial performance indicators together with the Chief Financial Officer.

### **The Chief Financial Officer**

The Chief Financial Officer works in close collaboration with the Chief Executive Officer through whom they are responsible to the Trustees. The Chief Financial Officer also has direct access to the Trustees via the Property and Finance Committee. The main financial responsibilities of the Chief Financial Officer are:

- operational direction and management of financial matters, including the establishment and operation of a suitable accounting system;
- management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Trust Board and Property and Finance Committee;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation, analysis and reporting of monthly financial monitoring statements;
- acting as an authorised signatory for the Trust in all respects except signing cheques;
- together with the Chief Executive Officer, authorising contracts and expenditure up to £15,000;
- managing the payroll function and pension administration, ensuring that all staff are paid accurately and on time; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the DFE/ESFA guidance.

### **The Staff**

Other members of staff, primarily the Trust Finance Manager and Finance Assistants are responsible for the day-to-day operation of financial systems as set out in this policy.

Other staff who are budget holders have financial responsibility for expenditure and income within their delegated budgets and must follow procedures as set out in this policy.

All staff are responsible for the security of School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements set out in this policy and the Trust's financial procedures.

### **Register of Interests**

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, local governors and persons identified as Key Management Personnel are required to declare any interests, including but not limited to:

- business interests such as directorships;
- share holdings; and
- appointments of influence within a business or organisation which may have dealings with the Trust.

Any disclosure shall also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The register will be available on the Trust website for public inspection.

The existence of a register of business interests does not, of course, detract from the duties of Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board or a committee. Where an interest has been declared, Trustees, Governors and staff shall not normally attend that part of any committee or other meeting but can do so if expressly requested by the Chair of the committee but in any event shall not vote.

The register of interests for Trustees, governors and for staff who influence financial decisions will be held in the Trust Finance Office.

## **C Accounting System**

All the financial transactions of the Trust must be recorded on the Trust accounting system. The current system used is HOG100/Access Dimensions with the Finance Portal.

### **System Access**

Entry to the accounting system shall be password restricted and the Trust Network Manager shall be responsible for implementing a system which ensures that passwords are changed at least every 3 months.

Access to the component parts of the accounting system may also be restricted. The Chief Financial Officer is responsible for setting access levels for all members of staff using the system.

### **Back-up Procedures**

The Chief Financial Officer together with the Trust Network Manager is responsible for ensuring that there are effective back up procedures for the system.

All financial data is backed up daily by a server located in a separate building on the site and current data held on the main school server in the main building. Encrypted half-termly backups are also stored off site.

Only authorised external hardware and software is installed on any school computer to safeguard against computer viruses.

The Trustees will ensure that the Information Commissioners Officer (ICO) is notified in accordance with the General Data Protection Regulations and subsequent amendments, and that the Trust'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.

The Chief Financial Officer and Trust Network Manager are responsible for maintaining a Disaster Recovery Plan, to be enacted in the event of loss of accounting facilities or financial Data. This must link in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

### **Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with this policy and shall ensure that there is clear separation of duties between authorisation and input of transactions. For small primary schools within the Trust it is recognised that complete separation of duties may not be possible but caution is taken by the Head Teacher/Head of School to check transactions.

### **Reconciliations**

The Assistant Finance Manager is responsible for carrying out bank reconciliations to ensure the accounting system balances to the bank account statements. Reconciliations are performed at least monthly; any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer. Where there is a possibility of loss identified then this must be reported to the Chief Executive Officer if the loss is £500 or less and to the Property and Finance Committee if above £500.

## **Internal Financial Controls**

The internal organisation of financial procedures recognises the importance of separation of duties and wherever practical at least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.

The Trust will maintain proper and complete accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. Any alterations to original documents are clearly made in ink and initialled to identify the person making the alteration.

Prime documents relating to financial transactions are retained for 6 years beyond the year in which they are produced.

All financial records are securely stored and access is limited to authorised staff who are: the Chief Executive Officer; Chief Financial Officer; Finance Manager; Finance Assistants, HR Manager and Estates Manager.

The Chief Executive Officer shall secure contingency arrangements to ensure that financial control can be maintained in the absence of key staff. Current arrangements are:

- The Chief Executive Officer will carry out duties normally undertaken by the Chief Financial Officer, supported by the Assistant Finance Manager.
- The Chief Financial Officer would carry out duties normally undertaken by the Assistant Finance Manager, assisted by the Finance Assistants.
- Each of the Finance Assistants will cover each other's duties, supported by the Finance Manager.
- Additional staff hours will be provided from within the part time staff members within the finance and administration teams to ensure workload is manageable.

## **D Financial Planning**

The Trust will produce both an annual budget and a medium-term financial plan covering a further two years.

The medium-term financial plan is prepared as part of the development planning process. The Trust ensure all schools prepare a School Improvement Development Plan (SIDP) which indicates how educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. 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.

### **School Improvement Development Planning and Medium-Term Financial Planning**

Development planning will take place annually and draws upon the evaluation of the Trust Schools current performance as well as taking account of internal and external issues that are likely to affect the Trust. Key educational priorities and outcomes are identified and development activities over coming years.

Development planning is also informed by budgetary and resource considerations. Significant financial costs shall be identified and cross-referenced in the medium-term financial plan and the annual budget.

The SIDPs will be reviewed by the Chief Executive Officer and School Leadership Teams during the first half of the summer term and considered by the Trustees in the second half of the summer term, whilst the medium-term finance plan is reviewed by the Trust Leadership Team and Trust Property and Finance Committee and recommended to the Trust Board for approval to

the same timescales. However, both processes are continuous and subject to constant evaluation and review.

### **Annual Budget**

The Chief Financial Officer is responsible for preparing the draft annual budget which shall be reviewed and approved by the Chief Executive Officer prior to consideration by the Property and Finance Committee and approval by the Trust Board.

The annual budget must be submitted in the required format to the ESFA by a date specified by the ESFA, usually 31<sup>st</sup> July. The Chief Financial Officer is responsible for establishing a timetable which allows for sufficient time for approval to meet the ESFA deadline for submission.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will provide a detailed breakdown of how those resources will be utilised to achieve stated educational outcomes. There shall be a clear link between the SIDP objectives and the annual budget.

The annual budget planning and preparation 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 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 SIDP objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.
- Review of the level of reserves held.

### **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

Where shortfalls are identified, opportunities to increase income will be explored and expenditure headings will be reviewed to identify areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

The Trust will ensure it produces a sustainable annual budget.

Medium term financial planning will identify the accumulated surplus or shortfall of resources and this may need to be taken into account when preparing the draft annual budget.

### **Finalising the Budget**

Once the different options and scenarios have been considered, the draft budget will be finalised by the Chief Financial Officer and presented for consideration and approval by the Chief Executive Officer, the Property and Finance Committee and the Trust Board.

The annual budget will be accompanied by a statement of assumptions and commentary on key factors considered in preparing the annual budget so that if circumstances change during the year, it is easier for all concerned to take remedial action.

The annual budget may require revision during the course of the year. Formal budget revisions will be prepared by the Chief Financial Officer and Finance Manager and will be subject to the same process of consideration and approval as the initial annual budget.



## **Monitoring and Review**

Monthly Budget Monitoring Reports are produced each month by the Finance Manager. The reports will detail actual income and expenditure (including commitments) against budget at a detailed level for budget holders, Local Governing Bodies, Chief Executive Officer and the Property and Finance Committee.

The monitoring process must be effective and timely in highlighting variances to the annual budget so that differences can be investigated and corrective action taken where appropriate.

A full set of Management Accounts in accordance with the Academy Trust Handbook will be prepared by the Chief Financial Officer each month and uploaded to GovernorHub. Management Accounts will also be shared with the Property and Finance Committee at each of its scheduled meetings.

Systems are in place to ensure that commitments to spend are not made where levels of expenditure are greater than the budget provision. If a budget over spend is essential to meet the requirements of the business, a proposal must be submitted by the budget holder to the Chief Executive Officer and Chief Financial Officer who together will consider the request. The Chief Executive Officer and Chief Financial Officer are authorised to approve budget over spends up to 25% of the current budget allocation. Above this amount, budget over spends must be agreed by the Property and Finance Committee.

The Chief Executive Officer recommends to the Property and Finance Committee how to vire any in-year underspends in excess of £5,000. This is done through approval of budget revisions on a termly basis. The Chief Executive Officer is authorised to vire amounts up to a maximum of £5,000 from each AR heading on the budget monitoring report once between budget revisions. Virement should only be necessary in exceptional circumstances and all virements must be reported to the next meeting of the Property and Finance Committee.

## **E Payroll**

The main elements of the payroll system are:

- Staff appointments and terminations;
- Payroll administration; Payments.

### **Staff Appointments**

The Trust Board has approved a permanent personnel establishment for the Trust. Changes can only be made to this establishment in line with the Scheme of Delegation. The Chief Executive Officer must ensure that the post is required and that adequate budgetary provision exists for any establishment changes.

The Chief Executive Officer has authority to appoint permanent and temporary staff within the authorised establishment (except for Head Teachers or Heads of School whose appointment be in accordance with procedures set by the Trustees).

The Trust appoints an HR Committee to ensure that the highest standards of governance are adopted and maintained in accordance with Trust's Scheme of Delegation, its policies and practices and maintain oversight of all HR related matters. To scrutinise the assessment of risk and the impact of HR developments resulting from changes in statutory/regulatory and other requirements and to ensure the long-term strategic HR needs of the Trust staffing requirements are regularly scrutinised and reported to the Trust Board.

The HR Manager maintains personnel files for all members of staff which include contracts of Employment in each Trust School and evidence of right to work in the UK. Manual personnel records are stored securely, and electronic personnel records are kept on the Trust Management Information System and are password protected. Access to these records are restricted to The

Chief Executive Officer, Head Teachers or Heads of School, Chief Financial Officer, Chief Executive Officers PA and Data Manager.

All personnel changes, appointments, terminations and contract changes are authorised by the Chief Executive Officer, Chief Financial Officer, Headteachers or Heads of School and are notified, in writing, to the HR Manager immediately.

### **Payroll Administration**

The Trust payroll is administered by a payroll bureau, currently Edupay. The Chief Financial Officer is responsible for all payroll administration and work is carried out by the HR Manager in addition.

Authorised signatories for routine payroll communications are the Chief Executive Officer, Chief Financial Officer and Chief Executive Officer's PA.

Authorisation of the monthly payroll run for payment shall be undertaken by the Chief Executive Officer or Chief Financial Officer.

Claims for overtime and travel expenses must be entered onto EduPay by the employee for approval by their Line Manager.

### **Payroll Payments**

All salary payments are made by BACS and paid monthly on the 19th of each calendar month, or on the Friday nearest to this date if 19<sup>th</sup> falls on a weekend.

The payroll contractor is responsible for calculation of the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions.

A monthly payroll report 'Pay Run' is generated by the Chief Financial Officer or PA to CEO. It provides the following details for each member of staff to be paid:

- Gross pay
- Deductions from gross salary
- Net Salary for the month
- Comments – reason for variance to gross pay

The Chief Executive Officer's PA, Chief Financial Officer and Finance Manager shall reconcile the gross monthly salary for each member of staff on this report to the employee salary data held by the Trust (MIS Report). Any variances between the current month pay and the prior month pay highlighted on the Pay Run report, are explained in the Comments section. Once correct, the MIS report is signed as reviewed by the Chief Financial Officer or Finance Manager and Chief Executive Officer's PA. If the Chief Financial Officer is absent the Chief Executive Officer undertakes the work and if the HR Manager is absent the Finance Manager covers.

The Finance Manager or Assistant Finance Manager will post the BACS payments for salary and pay overs to the Salary Control Account. The Finance Manager shall produce a report from which the Assistant Finance Manager will post the salary costs to the accounts. The Finance Manager shall reconcile the Salary Control Account monthly and verify that the correct amounts have been posted to the accounts.

## **F Purchasing and Payments**

The Trust wants to achieve the best value for money from all purchases. This means obtaining the correct quality, quantity and availability of goods and services at the best price possible. The Trust must ensure all spending decisions represent value for money through obtaining quotations, undertaking competitive tendering in accordance with the Trust Competitive Tendering Policy and

using government approved purchasing schemes and services or ESPO frameworks whenever possible.

The Trust is a publicly funded body, and it is essential to maintain the integrity of these funds and ensure that they are used as intended by Parliament, by following the general principles of:

- Probity: Demonstrating that there is no corruption or private gain involved in the purchasing of goods and services and the letting of contracts at the Trust;
- Accountability: Being publicly accountable for its expenditure and the conduct of its affairs;
- Fairness: Ensuring that all those dealt with by the Trust are dealt with on a fair and equitable basis.

In accordance with the Academy Trust Handbook; Trust funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

### **Related Parties**

The Trust must be even-handed in its relationships with related parties by ensuring that:

- trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all members, trustees, local governors of academies and senior employees complete the register of interests, in accordance with sections 5.45 to 5.48 of the Academy Trust Handbook
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust
- there are no payments to trustees by the Trust unless permitted by the Articles of Association, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. The Trust will consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest, as stated in the Academy Trust Handbook

The Chief Financial Officer will be responsible for reporting to, and seeking approval from the ESFA for any related party transactions in line with Academy Trust Handbook requirements.

### **General Purchasing and Payment Procedures**

All budget holders shall manage their budgets to ensure that the funds available are not overspent.

All orders must be made using the Hoge Finance Portal (internal order system) confirming the requirements and price to be paid.

Official pre-numbered orders shall be used for all services except utilities, rent, rates, petty cash, and payment due under a loan/lease agreement or other ongoing regular expenditure that is the subject of a written signed contract. Any urgent verbal order shall be confirmed by a written order.

Individuals must not use official orders to obtain goods or services for themselves.

All orders shall be approved by an authorised signatory, one of the following: Chief Executive Officer; Head Teacher or Head of School; Chief Financial Officer; Estates Manager; Assistant Head Teacher or Budget Holder. The signatory shall first ensure that the goods or services are

appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.

If a budget holder considers that better value for money can be obtained by ordering from a supplier not already set up on the finance database, a request must be raised on the Finance Portal. The Chief Finance Officer will conduct checks where possible and approve or decline new supplier requests via the Finance Portal.

Goods received shall be checked against the delivery note if provided and marked as received on the Finance Portal. The Finance Portal can be updated by the person receiving the goods directly or a member of the Finance Team on receipt of a signed delivery note. The signed delivery note must be passed to the Finance Department for filing.

Wherever possible, an invoice shall not solely be authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment will only be made against the original supplier's invoice and not on a statement.

Any discrepancies between goods and the delivery note or invoice must be taken up with the supplier within the supplier terms. This may be done by the Finance Team or goods receiver. Payment must be made within supplier credit terms. Payment runs will be produced by a member of the finance team on a regular basis.

Payment is made either by BACS or cheque and every payment requires any two authorising signatures from those lodged with the Trust bankers. These signatories are the Chief Executive Officer, Trust Standards Officer and the three Assistant Head Teachers at Hobart High School.

Purchases made and paid for by staff are discouraged. Where these are of a minor nature they will be reimbursed either by BACS or petty cash on presentation of a receipt which has been authorised by the budget holder.

The Trust will not enter into any finance lease and will ensure that any lease entered into is an operating lease.

## **Purchasing Limits**

Purchases will be subject to the limits and methods below:

- expenditure up to £5,000 from any approved supplier allowed without the need for competitive quotations.
- expenditure between £5,001 and £10,000 requires two written quotations.
- expenditure between £10,001 and £39,999 requires quotations to be sought from at least 3 suppliers on submission of a written specification.
- expenditure of £40,000 up to Public Procurement thresholds – a formal tendering process with tenders sought from a minimum of three suppliers who have indicated they will tender.
- expenditure over the Public Procurement thresholds – Find a Tender process must be followed.

Orders must not be artificially split to evade these limits.

Where a specialist advisor, e.g. architect, project manager, is appointed to act as an agent on behalf of the academy the Board may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency.

A report from the advisor is presented to the Property and Finance committee by the Trust Estates Manager with a recommendation for the award of the tender, including the scoring process and details of all other submissions.

All quotations, tenders and evaluations and relevant copies of meeting minutes must be kept attached to official orders as evidence of compliance.

The Chief Executive Officer and Chief Financial Officer together are authorised to approve expenditure and make payments to suppliers up to £25,000.

Approval of the Property and Finance Committee is obtained prior to acquisition of goods or services over £25,001.

Approval of the Trust Board is obtained prior to acquisition of goods or services above £100,000.

Up to the expenditure limit of £15,000, the Chief Executive Officer can deem an item of expenditure to be of an urgent or specialist nature and exempt it from the purchasing limits set out above. The reasons for such decisions shall be recorded and kept with the primary financial record of the transaction and reported to the Property and Finance Committee.

Over the £15,000 expenditure limit, an item can only be deemed as urgent or specialist and exempt after authorisation by both the Chair of the Property and Finance Committee and Chair of Trustees. The reasons for such decisions shall be recorded and kept with the primary financial record of the transaction and reported to the Property and Finance Committee.

If a quotation or tender other than the lowest is accepted the reasons shall be recorded and kept with the primary financial record of the transaction. These details shall be reported to the Property and Finance Committee and the reasons recorded in the minutes.

## **G Income**

### **General**

The main sources of income for the Trust are grants from the ESFA and other public bodies. The receipt of these funds is monitored by the Chief Financial Officer and Assistant Finance Manager who are responsible for ensuring that all grants due to the Trust are collected.

The Trust also receives income from:

- parents and students for educational visits, extra-curricular activities and individual music tuition;
- members of the public and organisations, mainly for letting of facilities;
- primary schools for curriculum swimming lessons; other organisations for services provided

The Trust Board will approve the Trust's Charging and Remissions Policy and review it annually.

### **Educational Visits**

All educational visits must be arranged in accordance with the Educational Visits Policy.

### **Individual Music Tuition**

The provision of individual music tuition is managed by the Head of Music or in their absence, a music teacher. The Head of Music is required to issue an Agreement Form prior to registering a student for music lessons. The form must be returned signed, and the first term's tuition paid for, before lessons commence. Lessons must not be authorised if payment is outstanding. The Head of Music compiles the lesson timetables and passes these to the peripatetic teachers and the Admin Assistant designated to raise invoice. An Admin Assistant will raise invoices on the finance system and issue these to parents. Invoices are raised termly in advance and must be paid in full

prior to lessons commencing. A member of the finance team will post income received onto the finance system.

The Head of Music or music teacher is responsible for checking and authorising payroll claims submitted by tutors and must verify claims against lesson registers.

The Head of Music or music teacher shall make contact with a parent / carer when two lessons have been missed consecutively and no reason for absence given.

### **Letting of School Facilities**

The Property and Finance Committee shall approve the Letting Policy and review it annually. This document will set out the methodology for making facilities available to the public and organisations.

The Schedule of Lettings Charges shall be approved annually by the Property and Finance Committee.

Site Staff will be responsible for the operation of the lettings system and a member of school staff is on site throughout periods of hire.

The proprietary software system "School Hire" is used for recording all bookings, generating invoices and issuing receipts. Income is paid directly into the Trust bank account on a monthly basis, net of School Hire fees. The Assistant Finance Manager posts the gross amounts for these transactions to the accounting system.

### **Catering Income**

Catering income for Hobart High School and Pakefield High School is paid directly into the bank account of the catering contractor, currently Edwards and Blake. Income for meals provided at Thurlton Primary School is received via the online payment system WisePay. The income for Thurlton Primary School is posted onto the accounting system by a member of the Trust Finance Team. Income for meals provided at Aslacton Primary., Manor Field Infant and Nursery, Watton Westfield Infant and Nursery And Watton Junior School is received via Pupil Asset online payment system Stripe. The income for these schools is posted onto the accounting system by a member of the Finance Team.

### **Services Provided to Non-Trust Primary Schools**

Pool sessions are offered and charges are recovered by invoice issued half termly to local Primary Schools.

A Finance Assistant is responsible for raising invoices for services to Primary Schools and a member of the Finance Team is responsible for recording and banking income.

### **Income for Specific Purposes**

The accounting system is operated on a fund basis and the Finance Manager is responsible for keeping records such that income for specific purposes is properly expended for those purposes.

### **Custody**

Pending banking, cash and cheques shall at all times be locked in a secure place or safe and maintained below the insurance limits.

Complete records of all income shall be kept. Income recorded in the accounts system is reconciled monthly with the bank statement.

Income shall be banked promptly and in its entirety. Paying-in slips show the analysis between cash and cheques. Income is not used for making any payment or for cashing personal cheques.

The responsibility of identifying and recording sums due shall be separated from the responsibility for receiving payment, collecting and banking income.

Where income is not received in advance, pre-numbered invoices are issued. Credit control is the responsibility of the Finance Team and is managed as set out in the Bad Debt Policy, approved by the Property and Finance Committee. Debts must be written off in accordance with the Bad Debt Policy.

## **H Cash Management**

### **Bank Accounts**

The Trust's bankers are Lloyds Bank. The current account name is Clarion Corvus Trust. A deposit facility for investment of funds not immediately required is also provided by Lloyds Bank. Deposit accounts in the name of Clarion Corvus Trust are also provided by Lloyds Bank PLC.

The opening of all bank accounts must be authorised by the Trust Board and must set out in a formal memorandum the arrangement 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.

All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures as per the bank mandate.

The Assistant Finance Manager 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 the accounting system of the Trust;
- reconciliations are prepared by the Assistant Finance Manager;
- reconciliations are countersigned by the Chief Executive Officer or Chief Financial Officer
- adjustments arising are dealt with promptly.
- the Bank Reconciliation Statement is produced monthly by the Assistant Finance Manager and approved by the Chief Financial Officer.

Cheque books and paying in books must be kept securely when not in use.

The Trust is not permitted to take out loans or arrange an overdraft without prior approval from the ESFA and DFE as set out in the Funding Agreement.

### **Petty Cash Accounts**

The Finance Assistants are responsible for administering the petty cash which shall be kept in the Trust safe. Personal cheques will not be cashed.

The only deposits to petty cash shall be from cheques cashed specifically for the purpose. The receipt must be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason shall be paid directly into the bank.

Petty cash payments will be limited to £10. Higher value payments shall be made by BACS or cheque directly from the main bank account. All payments must be supported by VAT invoices / receipts and must be signed for by the recipient.

The Finance Assistants are responsible for entering all transactions into the petty cash records on a regular basis. The Assistant Finance Manager is responsible for undertaking regular checks of the cash accounts and reconciling the petty cash account on a monthly basis. The Finance Manager must counter sign the reconciliation and undertake unannounced cash counts.

### **Cash Flow Forecasts**

The Chief Financial Officer is responsible for preparing cash flow forecasts in accordance with the Academy Trust Handbook to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps shall be taken to invest the extra funds.

### **Investments**

Investments must be made only in accordance with the Treasury Management Policy approved by the Trust Board.

All investments must be authorised by the Property and Finance Committee.

## **I Assets**

### **Fixed Asset Register**

All items purchased with a value over the capitalisation limit set by the Trust in its accounting policies (£4,000) must be entered in the Fixed Asset Register for Depreciation.

The Chief Financial Officer is responsible for all matters relating to the Fixed Asset Register and is supported in this by the Finance Manager.

### **Asset Inventory**

The asset inventory for the Trust is recorded on IRIS Assets software. All items purchased with a value over £1,000 or of a lower value that are portable, desirable or of easy resale value must be entered into asset inventory by the Estates Manager, Network Manager or a member of the Finance Team.

The member of staff named as responsible for the asset in the inventory is required, on a yearly basis, to check the register and report any discrepancies to the Estates Manager.

The Estates Manager and Network Manager are responsible for all matters related to IRIS Assets and are supported in this by the Chief Financial Officer.

### **Asset Information**

IRIS Assets shall include the following information where possible:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- depreciation
- net book value

The purpose of the Fixed Asset Register and Asset Inventory is to:

- 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;
- manage the effective utilisation of assets and to plan for their replacement;
- allow external auditors to draw conclusions on the annual accounts and the Trust's financial system; and
- support insurance claims in the event of fire, theft, vandalism or other disasters.



The register and inventory must be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this must be noted.

### **Security of Assets**

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the register and inventory shall be permanently and visibly marked as school property.

### **Disposals of Assets**

Items must be disposed of in accordance with the Redundant Equipment Policy.

### **Loan of Assets**

Items of School property must not be removed from Trust premises without the authority of the Estates Manager and Head of Department. A record of the loan must be recorded in a loan book and booked back in to the Trust when it is returned. This does not apply to laptops provided to staff.

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 shall therefore be kept under review and any potential benefits discussed with the Trust auditors. Assets must be returned promptly when requested, particularly for statutory inspection purposes.

**Staff may incur charges if assets loaned to them suffer damage through negligence or failure to return for servicing when requested.**

## **J TAX**

The Trust is not registered for VAT purposes as it falls below the current limits required for business activity (see [www.hmrc.gov.uk](http://www.hmrc.gov.uk)).

VAT claims for non-business activities are made via a Section 126 claim on a regular basis. The claim period covers one calendar month. The Chief Financial Officer is responsible for ensuring that VAT claims are accurate and made in a timely fashion.

The Trust is an exempt charity and as such is not liable to Corporation Tax. The Chief Financial Officer is responsible for liaising with the Trust auditors to ensure that necessary returns are made to maintain exemption from Corporation Tax.

## **K Audit/Fraud**

The Trust has appointed appropriately qualified and experienced auditors to prepare and audit the statutory accounts for the Trust and provide general advice. The auditors are appointed by the Members of the Trust Board at the Annual General Meeting. The Auditors are currently Price Bailey LLP.

The Trust appoints appropriately qualified and experienced auditors to provide a programme of internal scrutiny for key financial controls. The current appointment is Educator Solutions. Where specialist non – financial knowledge is required for wider internal scrutiny, a range of suitably qualified individuals or organisations will be used. The Audit and Risk Committee is responsible for appointing all internal auditors and overseeing and approving the annual programme of works.

Fraud can occur in academies although the level of identified fraud in academies is very low, the Trust must be aware of the potential for it to occur.

This Finance Policy, together with the following policies also relate and give guidance to reduce the possibility of fraud occurring: Business Interests, Gifts and Hospitality Policy; Whistleblowing

Policy; Risk Management & the Risk Register; Trustees and Governors Expenses Policy, DFE Governance Handbook and Academy Trust Handbook.

Suspicious of fraud must be reported to the Chief Executive Officer or if it involves the Chief Executive Officer, the Chair of Trustees.

## **L Insurance**

The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.

Main Trust insurance is through the Risk Protection Arrangement (RPA).

The Trust retains the services of an insurance broker for all non-RPA insured risks. The current broker is Hugh J Boswell.

All insurance policies are approved by the Property and Finance Committee with the management of insurance being the responsibility of the Chief Financial Officer.

The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

The Trust will not give any indemnity to a third party.

The Trust will immediately advise the insurer of any accident, loss or other incident which may give rise to an insurance claim.

Where an insurance company requests the use of a specific supplier as a condition of covering a claim, the Trust will comply with this requirement. Accordingly, any costs related to insurance claims are exempt from the Trust's procurement processes.

## Appendix

### Segregation of duties - Signing

|  |  |
|--|--|
| Account opening  | Trust Board approval via TP&F  |
| Cheques and other instruments making withdrawals from all Trust accounts | Any two signatories from CEO, Standards Officer, or Hobart High School Assistant Head Teacher. |
| Statement Reconciliation   | Assistant Finance Manager and CFO/CEO  |
| Petty Cash Reconciliation  | Assistant Finance Manager and CFO/CEO  |
| Payroll Payments   | CEO, HR Manager and CFO  |