

**TRANSFORM TRUST**  
'Together we Achieve'



**Transform Multi Academy Trust**

# **Finance Policy Handbook**

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# **Transform Trust**

## **Finance Policy Handbook**

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## **1. Overview**

- 1.1** All readers of this Finance Policy should be aware of the Academies Financial Handbook 2019 (AFH), issued by the ESFA effective from 1<sup>st</sup> September 2019. This represents the authoritative reference tool to help apply good financial management, set out the mandatory requirements Academies must follow and also the freedoms that Academies enjoy. The ESFA is the main provider of public finance to all Academies, and those Funding Agreements are contingent on meeting the requirements set out in the AFH. Every year external audit will review Transform Trust against the requirements set out in the AFH, and report non-compliances to the ESFA as part of their formal regulatory report.
- 1.2** The purpose of this Finance Policy is to ensure that the Academy Trust maintains and develops systems of financial control that conform fully with the requirements of the ESFA but also the Companies Act 2006. It is incumbent on Trustees to set well established principles of good financial management and common sense. All handlers of finance should be aware of both the AFH and this Finance Policy.
- 1.3** It is incumbent on Members, Trustees, Staff and all parties engaged by or with the Trust to observe the letter but also the spirit of the Trust Finance Policy. The Trust is responsible for public money and as such the duty of care is set high. Whenever in doubt and where this Finance Policy does not specifically set out an appropriate approach, the highest moral principles should be observed to ensure the Trust is able to fully stand behind the approach taken by the appropriate decision maker.

## 2. HOT TOPICS 2019

### 2.1 Related Party Transactions

2.1.1 There continues to be a significant emphasis and additional reporting requirements on Related Party Transactions – no member, trustee, local governor, employee or related individual or organisation can use their connection to the Trust for personal gain.

2.1.2 Trusts **must** report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line portal. The requirement applies to all such contracts and agreements made on or after 1 April 2019.

2.1.3 Trust **must** obtain ESFA's prior approval, using the related party on-line form, for transactions  $\geq$ £20,000 (individually or cumulatively).

2.1.4 Transactions with related parties will require joint approval by both the Headteacher and the Exec Team, regardless of purchase authorisation limits as detailed in Section 7.

### 2.2 Academies Financial Handbook 2019 changes

2.2.1 Management accounts must now include an income and expenditure account, variation to budget report, cash flows and balance sheet.

2.2.2 Internal Audit – changes to and further emphasis on governance – directed by Audit & Finance Committee but no longer through the CFO

### 2.3 Finance Exception Register

2.3.1 A Finance Exceptions Register is now held to capture material breaches of this Finance Policy, sometime justifiably, and available for inspection by Trustees, Audit & Finance Committee and Internal Audit. Each transaction and the circumstances around it are logged within the register, and sign-off from Audit & Finance Committee will be sought. This may result in sanction of the school, targeted internal audit work and possible future revisions to the policy. On occasion no action will be judged appropriate.

### 3. Organisation

3.1 “Transform Trust” is a Company limited by Guarantee, registered in England and Wales and is a Multi Academy Trust. The company has charitable status, but is not a registered charity. At the time of writing, Transform Trust Academies are:

Allenton Community Primary School  
Breadsall Hill Top Primary School  
Brocklewood Primary & Nursery School  
Bulwell St Mary's C of E Primary School  
Burford Primary & Nursery School  
Edale Rise Primary & Nursery School  
Highbank Primary & Nursery School  
Lawn Primary School  
Parkdale Primary School  
Pear Tree Community Junior School  
Ravensdale Junior School  
Robert Shaw Primary & Nursery School  
Rosslyn Park Primary & Nursery School  
Sneinton Church of England Primary & Nursery School  
South Wilford Endowed C of E Primary School  
William Booth Primary and Nursery School  
Whitegate Primary and Nursery School  
Zaytouna Primary School

At the time of writing there are 7 Trust Board Trustees who are both Charity Trustees *and* Company Directors registered at Companies House:

Peter Munro (Chair)  
Professor Qing Gu (vice-Chair)  
Rebecca Meredith CBE (CEO)  
Professor Toby Greany  
Roger Periam  
Alex Taylor  
Joanna Luxton  
Dame Susan Jowett

3.2 The Trust has defined the responsibilities of each person involved in the administration of both Trust level and individual Academy finances. The financial reporting structure is illustrated in the following bullet points:

### 3.3 The Trust Board

3.3.1 The Trust Board has overall responsibility for the management and administration of the Academy Trust's finances. The Transform Trust Board is headed by a Chair of Trustees, Peter Munro. The Trust Board must appoint an "Accounting Officer" who is the designated CEO, Rebecca Meredith CBE. The Accounting Officer has a "personal responsibility to Parliament, and to ESFA's Accounting Officer for the financial resources under the Trust's control" [Academies Financial Handbook 2019 1.27].

It is also the Trust's statutory responsibility to safeguard the assets of the company and to meet all requirements of the Companies Act 2006.

At the same time the main ESFA prescribed responsibilities are set out in the Master Funding Agreement issued to Transform Trust by the DfE which includes:

- ensuring that educational grants are used for the purpose intended;
- managing budgets to be balanced, and annual approval of those budgets;
- approval and issuing of annual audited accounts to ESFA;
- instructing & reviewing internal audit reports to ensure high internal rigour; and
- appointment of Accounting Officer, Finance Officer and (via Members) external auditors.

The Trust has a dedicated Audit & Finance Committee comprising of 3 Trustees that provide governance over the suitability of, and compliance with, its financial systems and operation controls. The Committee also considers risk, financial statements, budgets and estates. This Committee meets at least once per term.

3.3.2 The Accounting Officer Rebecca Meredith is the Head of the Trust organisation (designated "CEO"). They are ultimately accountable for all Trust activity. As well as signing off Annual statutory Accounts, they are the primary contact point for all external stakeholders including ESFA.

3.3.3 The Chief Finance Officer Steve Cox is appointed by the Trust Board, reports to the CEO and is responsible for the day-to-day management of Trust finances across Transform in accordance with agreed Schemes of Delegation to individual Academies. They will ensure Annual Trust Accounts are delivered in accordance with all statutory and regulatory bodies. They are responsible for budget setting at the Trust level, and ensuring an appropriate control environment exists across the Trust at both Trust and Academy level.

3.3.4 The Trust Board must operate within limits set out by ESFA (some set out here):

3.3.4.1 writing off bad debts, or entering into guarantees, indemnities and letters of comfort – the lower of 1% of total annual income or £45k for individual items, or cumulatively 5% of total annual income. Anything above these limits requires prior approval from ESFA.

3.3.4.2 severance payments made to staff are restricted to an assessment made of a likely Employment Tribunal award. Any amount >£50k compensation requires specific

ESFA approval (note: this does not include any contractual amount eg. statutory redundancy, which should not be included in this assessment).

3.3.4.3 entering a lease may require ESFA approval. Any finance lease (eg. hire purchase), any leasehold/tenancy agreement  $\geq 7$  years (eg. leasing premises), any granting of a lease on land – all require ESFA approval. This is NOT required for Photocopiers (ie. operating leases) or any premises lease of  $< 7$  years.

3.3.4.4 any fraud or irregularity  $> \pounds 5,000$  must be reported to ESFA. The Trust is handling public funds and the standards expected within the Trust are suitably high. All examples of suspected irregularity or fraud will be investigated by the Chief Finance Officer and reported to Trust Board at the first available opportunity. If the Chief Finance Officer is in any way implicated in the fraud, responsibility for the investigation will move to the Chair of the Audit & Finance Committee.

3.3.5 The Trustees will co-authorise any Academy expenditure  $\geq \pounds 100k$ . Any expenditure  $\geq \pounds 10K$  up to  $\pounds 100K$  will be co-authorised by the Trust Executive Team.

3.3.6 All Academy expenditure will be authorised by at least 2 authorised signatories.

3.3.7 Any Trustee expenses will be co-signed by the Chair of Trustees.

### **3.4 The Local Governing Body**

3.4.1 Each Academy Local Governing Body has delegated responsibility from the Trust for the governance of that Academy's finances, as set out in the Academy's individual Scheme of Delegation with the Trust. The key finance responsibilities include:

- ensuring that income relating to the charitable objects of the Trust is used only for the purposes intended;
- ensuring the Academy "balances the books" in-year and in all budgets;
- recommendation of the Academy's annual budget to the Trust Audit & Finance Committee for approval; and
- adherence to this Finance Policy and to act promptly on Internal Audit findings that show non-compliances in the Academy.

3.4.2 The Finance/Resources Committee (or equivalent body) is the whole or subset of the Local Governing Body. The Finance/Resources Committee meets at least once a term. The main responsibilities of the Finance Committee include:

- ensuring the school is balancing the books in-year and in all budgets/forecasts;
- the initial review and recommendation of the annual budget for their Academy;
- the regular monitoring of actual expenditure and income against budget;
- authorising the award of contracts  $< \pounds 10k$  (with co-authorisation required from Trust for any contracts  $\geq \pounds 10k$ );
- reviewing Internal and External Audit reports on the effectiveness of the financial procedures and controls in the Academy, and ensuring the necessary remediation

action is taken by the Academy to address identified gaps in financial control. Progress on remediation must be reported to the full Governing Body & to the CFO at Trust.

### **3.5 The Headteacher**

3.5.1 The Headteacher has overall executive responsibility for the Academy's financial activities including:

- committing school funds only for the purpose intended;
- ensuring books remain balanced in-year and within proposed budgets;
- acting on internal and external audit findings where control weaknesses have been identified;
- escalating immediately to the CFO any financial concerns within the Academy; and
- embedding strong financial consciousness into the Academy so that value can be maximised.

### **3.6 The Office/Business Manager/Trust Centre**

3.6.1 The Office/Business Manager works in close collaboration with the Headteacher through whom they are responsible to Governors. The Office Manager also works closely with Trust Centre where some responsibilities have passed. The main responsibilities are:

- the day to day management of financial issues in line with the requirements of Transform Trust;
- the management of the Academy financial position at an operational level;
- the maintenance of effective systems of internal control;
- the preparation of monthly management accounts; and
- the preparation of full balance sheet reconciliations

### **3.7 Internal Audit**

3.7.1 Internal Audit within each Academy is to be administered by Trust Centre. The Audit & Finance Committee will appoint Internal Auditors. The main duties of Internal Audit is to provide Trustees and Governors with assurance that:

- the financial responsibilities of the Trust/Governing Body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner; and
- sound systems of internal financial control are being maintained.

Internal Audit will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that financial controls are effective. Internal Audit will also include tests that cover HR and Governance.

A report of the findings from each visit will be presented to the Local Governing Body and Audit & Finance Committee. A short annual summary report to the Audit & Finance Committee for each year ended will outline the areas reviewed, key findings, recommendations and conclusions throughout the year.

### **3.8 External Audit**

3.8.1 The external auditors that have been appointed through a tender process are Mazars LLP.

## **4. Accounting system**

### **4.1 PS Financials Accounting System**

All the financial transactions of the Trust and each Academy must be recorded on the PSF accounting system. The PSF system is operated by the Office/Business Manager and anyone appointed by the Trust with appropriate skills and experience, and consists of:

- Orders/Invoices/Journals
- Payments/Receipts/Nominal Ledger bank postings
- Monthly Reconciliations
- Recording of all Transactions
- Aged Purchase Ledger & Sales Ledger, and debt collection
- Balance Sheet Management – custody of Trust/Academy assets
- Payroll Input
- Asset System Management & Depreciation
- All routine Reporting

### **4.2 System Access**

4.2.1 Entry to the PSF system is password restricted and passwords are system changed every 3 months. At no time should an individual disclose their password to anyone else. It is expressly forbidden for more than one person to access the financial system using the same user name/password.

4.2.2 Access to the PSF system is to be restricted to the Office/Business Manager and anyone delegated by this post, the Headteacher or any signatory given authorising responsibility in the Headteacher's absence as well as those responsible for auditing the financial systems of the academy. Budget holders will have password secured access to the online module for the purposes of requisitioning goods and authorising goods received notes.

Where it is suspected that unauthorised access to the system has taken place, the Trust's Chief Finance Officer shall be notified immediately.

### **4.3 Back-up Procedures**

4.3.1 The Trust Chief Finance Officer is responsible for ensuring that there is effective back up procedures for PS Financials data and that provision is made for restoring data in a disaster.

4.3.2 The Trust Chief Finance Officer will prepare a disaster recovery plan in the event of loss of a financial system. This should link in with the annual assessment made by Trustees/Governors of the major risks to which the Trust/Academy is exposed and the systems that have been put in place to mitigate those risks.

#### **4.4 Transaction Processing**

4.4.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this Finance Policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

4.4.2 Detailed information on the operation of the PSF system can be found in the user manuals held by the academy, Trust Centre or also available from PSF.

#### **4.5 Reconciliations**

4.5.1 The Office/Business Manager/Trust Centre Staff is responsible for ensuring a full balance sheet reconciliation is performed each month, and that any reconciling or balancing amounts are cleared. These include but are not limited to:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- assets system to nominal ledger balance sheet;
- all suspense accounts – cleared down; and
- bank balance per the nominal ledger to the bank statement.

4.5.2 Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher and the Trust Chief Finance Officer and are to be evidenced on the reconciliation. The Headteacher or CFO will review and sign all reconciliations as evidence of this review.

## **5 Financial planning**

5.1 The Academy prepares monthly short-term revised annual forecasts (RAF).

5.2 The 3 year financial plans are prepared as part of the annual budgeting process for the ESFA returns.

5.3 The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

5.4 The Budget and 3 Year Plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "Big Picture" within which more detailed plans may be integrated. The format for both will be set by Trust but can be supplemented at an Academy level.

5.5 All plans will pay appropriate heed to the buildings and estate of the Academy, and ensure funds are committed to ensure the proper maintenance of the site. This will be considered by Trustees once the plans are forwarded to Trust for approval and maybe rejected if insufficient focus is given to this area in the view of Trustees, even if the books are balanced.

5.6 The Office/Business Manager/Trust Centre is responsible in conjunction with the Headteacher for preparing and seeking approval for the annual budget by Trustees. The budget must be recommended for approval by the Local Governing Body/Finance Committee first and ultimately approved by Trustees.

5.7 The Trust level approved budget must be submitted to the DfE by the specified deadline each year and the Chief Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A copy of the recommended Academy budget should be submitted to the Trust Chief Finance Officer who will then seek approval from Trustees by the same deadline.

### **5.8 Balancing the Budget**

5.8.1 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.

5.8.2 As per the Academies Finance Handbook, schools should use their allocated GAG funding for the full benefit of their current pupils. If an Academy has an in-year surplus they

should consider how it will be used to benefit their pupils, for example a long-term capital project.

## **5.9 Monitoring and Review**

5.9.1 Monthly reports will be prepared by the Office/Business Manager/Trust Centre for disclosure to the Trust Chief Finance Officer. The reports will detail actual income and expenditure against budget at a summary level for the Headteacher and the Academy Governing Body.

5.9.2 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. It is incumbent on the Academy to continue to balance the budget when variances occur.

## 6 Payroll

6.1.1 The Academy payrolls are administered by SAAF Ltd. The Office/Business Manager/Trust Centre is responsible for updating the information passed to them in a timely manner on a monthly basis.

6.1.2 All staff are paid monthly. A master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details; and
- any deductions or allowances payable.

Details of all payments made are passed to the Office/Business Manager/Trust Centre for recording on PSF. This document should be signed each month by the Headteacher to authorise the payment.

6.1.3 The Office/Business Manager/Trust Centre Staff is responsible for liaison with SAAF to ensure all pay and other pay related matters are correctly determined prior to payments being authorised and that any errors are corrected as soon as is practically possible. Headteacher authorisation must be evident on all payroll changes and retained for audit inspection.

6.1.4 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total will be provided by SAAF. The print must be reviewed and authorised together with authority to release payment by the Headteacher/CFO.

6.1.5 All salary payments must be made via payroll and normally paid by BACS.

6.1.6 After the payroll has been processed the nominal ledger must be updated. Postings should be made to the bank, payroll control account and to individual cost centres. The Office/Business Manager/Trust Centre should review (and evidence) the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account and cleared. Evidence of this check must be retained for audit purposes.

## 7 Purchasing

### 7.1 Value for Money

7.1.1 The Academy will attempt to achieve the best value for money from all purchases. This means getting what is needed in the correct quality, quantity and time at the best value. 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 academy;
- **Accountability** - the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness** - that all those dealt with by the academy are dealt with on a fair and equitable basis.

The Academy will work closely with the Trust Chief Finance Officer's team and other academies within the Trust to support the development of cross-Trust buying power.

### 7.2 Purchases

7.2.1 Authorisation limits for purchases are set as below, with further detail on the requirements further in this section.

- <£1,000 – Budget Holders up to the limit of their budget
- ≥£1,000 but <£10,000 – Headteacher approval required
- ≥ £10,000 but <£100,000 – Trust Centre Exec Team approval required
- >£100,000 – Trustee approval required

7.2.2 For all routine purchases, at least one quote or price must be obtained before any order is placed. Internet ordering is permitted.

7.2.3 All purchases must be accompanied by a purchase order (either electronically or on paper) and appropriately authorised prior to purchase. Evidence of the order and authorisation is to be attached to the purchase invoice.

7.2.4 Any Goods Received Notes (GRN) for goods received should be authorised by the recipient and passed to Office/Business Manager/Trust Centre for matching against order and invoice.

7.2.5 All invoices received should be passed to the Office/Business Manager/Trust Centre and matched to order and GRN (if available). Invoice receipt must be promptly recorded in the purchase ledger. All invoices should be authorised on the face of the invoice by the appropriate signatory before being passed for payment (based on limits outlined above).

7.2.6 If a budget holder is pursuing a query/dispute with a supplier the Office/Business Manager/Trust Centre must be informed of the query and periodically kept up to date with progress.

7.2.7 At the end of every month the Office/Business Manager/Trust Centre will review the aged purchase ledger listing. This is to ensure any old items are resolved, credits chased and cleared, and payments made on a timely basis. Evidence of authorisation and review should be kept with the other balance sheet reconciliations.

7.2.8 The Office/Business Manager/Trust Centre will generate BACS payments as required. The BACS report and associated paperwork must be authorised by two of the designated bank authorities.

7.2.9 The Office/Business Manager/Trust Centre will check all outstanding orders in PSF monthly to ensure that they are rightly still open. They will ensure that any deliveries/services received are accurately reflected. This review should be performed BEFORE finalisation of monthly management accounts.

### **7.3 Orders ≥ £10,000 but <£100,000**

7.3.1 Best practice indicates that three written quotations should be obtained for all orders between £10,000 and £100,000 to identify the best value for the goods/services. Written details of quotations obtained should be retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and email confirmation of quotes has been received before a purchase decision is made. Screen prints from a website which identify the goods and clearly show a price, including delivery charge, are also acceptable.

If three quotes are unobtainable for any reason, the Trust's Financial Accountant should be informed and the order and the reasons would be put on to the Finance Exceptions Register. A desktop evaluation should be conducted for this.

All orders in this category require sign-off at Trust Centre level (Executive Team member e., CFO and/or CEO as ≥£10,000).

### **7.4 Orders of £100,000+**

7.4.1 All goods/services ordered with a value of £100,000+ or for a series of contracts which in total exceed £100,000 require a tailored approach – the fundamental aim to demonstrate that value for money has been obtained. In every case Trustee approval is required before an order can be placed. Options available to demonstrate value for money will include Tendering, Obtaining 3+ quotes, Desktop evaluation or any other mechanism agreed by Trustees in granting their approval for the specific order. Purchases over £181,302 (threshold from 01/01/2018) may fall under EU procurement rules which must be advertised in the Official Journal of the European Union.

7.4.2 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure would likely be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The Headteacher must discuss and agree with the CFO and Office/Business Manager how

best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs;
  - the nature of the goods are such that only specific suppliers can be expected to reasonably meet the Academy's requirements; and
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
  
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders;
  - only one or very few suppliers are available;
  - extreme urgency exists;
  - it would build on previous works already done (eg, previous supplier knowledge of site specifics); or
  - additional deliveries/services by the existing supplier are justified.

7.4.3 Obtaining quotes appears appropriate where the service/goods being sought is reasonably standard, and the Academy can reasonably show this achieves the same aim as a tendering process with a lower administrative burden. It is in the judgement of Trustees whether this is the case.

7.4.4 A desktop review may be appropriate in the case of contract renewal or where financial impact on the Academy is not reflective of the contract cost (eg catering where parents fund the catering contract at nil profit/loss to school). Once again this should satisfy Trustees that value for money is being obtained, and that Tendering and Obtaining of alternative quotes is judged a less effective or inefficient test of value for money.

## **8 Income**

8.1.1 The main sources of income for the Academy are the grants from the DfE. The receipt of these sums is monitored directly by the Office/Business Manager/Trust Centre Staff who is responsible for ensuring that all grants due to the Academy are collected. The Academy must print all sales invoices and have them signed by the Headteacher. All remittance advices are to be signed by the Office/Business Manager/Trust Centre Staff to confirm receipt and amount of income is correct.

8.1.2 The Academy also obtains income from:

- students, mainly for trips and lunches; and
- the public, mainly for sports lettings and use of accommodation.

Each Academy is expected to ensure completeness of this income and to ensure outstanding sums are collected promptly. Any sums to be written off <£100 require explicit approval of Governors, any item >£100 requires escalation to CFO for write-off approval.

8.1.3 All income should be recorded in PSF on receipt and supporting documentation attached to the nominal receipt forms. All cash and cheques must be kept in the school safe. Monies should be banked sufficiently often so that cash on site does not exceed £5,000.

8.1.4 Monies collected must be banked in their entirety in the Academy bank account. The Office/Business Manager/Trust Centre Staff is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The depositing of monies is undertaken jointly with other office staff both for security and for propriety in handling the reconciliation process. The reconciliations must be prepared promptly after each banking and signed by the preparer. Deposits must be reviewed and certified by the Headteacher.

### **8.2 School Dinner Money**

8.2.1 Payments for school lunch are made daily/weekly/monthly by parents and are recorded individually by administrative staff. All monies are checked and then passed to the Office/Business Manager for paying in to the bank.

8.2.2 For schools operating an in-house catering service, money is to be deposited, reconciled, banked and authorised by the Headteacher.

8.2.3 For schools who use an external catering provider where cash collected is deposited into the 3rd party bank account, a reconciliation is to be prepared and sent to the catering provider. This is to be signed by the preparer and authorised by the Headteacher.

## **9 Bank & Cash Management**

### **9.1 Bank & Cash Management**

9.1.1 The opening of all Trust & Academy bank accounts must be authorised by the Trust Chief Finance Officer who will agree the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS), charge cards and other means of electronic transfer of funds must also be subject to the same level of control.

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

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor
- documentation to support each element making up the deposit – eg. a Trip collection sheet.

9.1.3 All instruments authorising withdrawal from Academy bank accounts must bear the signatures of two authorised signatories.

If any individual payment is >£10K at least one Trust Executive signatory must be obtained, as per the bank mandate. It will be for the Trust Executive to obtain approval from Trustees for any authorisation for a payment ≥£100,000.

9.1.4 The Office/Business Manager/Trust Centre Staff must ensure bank statements are received regularly and that formal reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the Academy's nominal ledger;
- bank reconciliations are prepared by the Office/Business Manager;
- Academy bank reconciliations are subject to an independent monthly review carried out by Trust Centre in their capacity as Transform Trust Finance support; and
- adjustments arising are dealt with promptly.

9.1.5 Petty Cash is not permitted in the Trust.

9.1.6 The Trust Chief Finance Officer and Office/Business Manager/Trust Centre are responsible for preparing cash flow forecasts to ensure that the Trust/Academy has sufficient funds available to pay for day-to-day operations. Where cash flow forecasts predict a lack of available funds to service commitments, this should be notified to the Headteacher and Trust Chief Finance Officer immediately. It is not permissible for any bank account to be overdrawn at any stage – the CFO should be notified immediately if there is a possibility of this occurring.

### **9.2 Charge cards**

9.2.1 Each Academy is able to have up to £10,000 spending limits on the charge cards held by responsible individuals.

9.2.2 Purchases made on the charge cards are subject to the same controls over purchases as detailed in Section 7. This means that purchase orders and evidence of authorisation approval prior to the purchase on the cards is required.

9.2.3 Charge Card payments are to be detailed on the charge card forms and a full VAT receipt is to be attached to the form. 2 bank authorities are required to approve the payment.

### **9.3 Staff Expenses**

9.3.1 Staff must seek budget holder approval for any expenditure they incur which they wish to be reimbursed by the Academy. Email approval must be sought for items up to £50. An official order form must be signed off by the appropriate budget holder before any items over £50 are purchased through expenses. Evidence of authorisation of spend is to be attached to the staff expense sheet.

9.3.2 Expense claims are to be approved by the Headteacher and a VAT receipt and order form attached where appropriate. Headteacher expenses are to be approved by the Trust Executive Team (CFO or CEO). Executive Team expenses are to be authorised by another Executive Team member.

9.3.3 Purchases through staff expenses should only be made if all other methods of purchasing are not appropriate.

## 10 Fixed assets

10.1 All items purchased with a value over the Academy's capitalisation limit must be entered on the asset register. The capitalisation limit has been set at £5,000. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset.

10.2 The Asset Register helps:

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

10.3.1 Assets must be secured by means of physical and other security devices. Only authorised staff may access the assets.

10.3.2 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body.

10.4.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Governing Body and, where the original cost is >£10k, by Transform Trust. The Academy must seek the approval of the DfE (via Transform Trust) in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

10.4.2 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner, or that the hard drive has been cleaned prior to the computer being handed over.

10.4.4 All disposals of land must be agreed in advance with the Trust, Secretary of State, Local Authority and (where appropriate) Diocese.

10.5.1 Items of Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of property loan must be recorded and booked back in at the Academy when it is returned. This does not apply to laptops which are used in the Academy and taken home on a daily basis.

10.5.2 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. Property loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

## **11 Management of Risk**

11.1.1 The Academy must maintain a risk register and keep it updated to assess existing risks and add new risks.

11.1.2 Risks should be identified and quantified based on likelihood and impact. Evidence and controls should be provided to determine how each risk is being managed.

11.1.3 The Risk Register should be updated at least once a term and presented to the governing body for review.