

TRANSFORM TRUST
'Together we Achieve'



Transform Trust

Finance Policy Handbook

Issued: November 2023

Transform Trust

Finance Policy Handbook

Contents

- 1 Overview**
- 2 Hot Topics 2023/24**
- 3 Organisation**
- 4 Accounting System**
- 5 Financial Planning**
- 6 Payroll**
- 7 Purchasing**
- 8 Income**
- 9 Cash Management**
- 10 Fixed Assets**
- 11 Risk Management**

1. Overview

- 1.1 All readers of this Finance Policy should be aware of the Academies Trust Handbook 2023 (“ATH”), issued by the ESFA effective from 1st September 2023. 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 Trust’s Master Funding Agreement, the Academy’s Supplementary Funding Agreement and the ATH. Every year external audit will review Transform Trust against the requirements set out in the ATH, 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 ATH 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 and 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 2023/24

2.1 Academies Trust Handbook 2023 key changes

- 2.1.1 None – the handbook has been “sharpened and shortened”.
- 2.1.2 It is worthy of note that when Transform Trust exceeds £50m in annualised income, the current Audit & Finance Committee is required to split into 2 committees: Audit & Risk; Finance & Budget. Each Committee must be chaired by a different Trustee. This may occur in 2023/24 depending on the conversion timetable.

2.2 Finance Policy Handbook Nov 2023 key changes

- 2.2.1 Director of Finance now also recognised as a CFO equivalent level authority for purchases
- 2.2.2 Section 7.2 now devoted to all school and Trust purchasing needing to pass the public money “sniff test” – now directly prohibiting categories of spend implied previously such as alcohol, gifts, cash vouchers (excluding long service awards), personal supermarket points earned on school purchases, etc. We also refer to section 1.3 previously where there is an expectation “...to observe the letter and also the spirit of the Trust Finance Policy”.

3. Organisation

3.1 “Transform Trust” is a Company limited by Guarantee, registered in England and Wales (Co, No. 08320065) and is a Multi Academy Trust (MAT). The company has charitable status, but is not a registered charity. At the time of writing, Transform Trust Academies are:

Allenton Community Primary School
Ashbrook Junior School
Breadsall Hill Top Primary School
Brierley Forest Primary & Nursery 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
Whitegate Primary and Nursery School
William Booth Primary and Nursery School
Woodland View Primary and Nursery School
Zaytouna Primary School

At the time of writing (Nov 2023) there are 11 Trust Board Trustees who act as both Charity Trustees **and** Company Directors registered at Companies House:

Peter Munro (Chair)
Rebecca Meredith CBE (CEO)
Doctor Catherine Gripton
Roger Periam
Dame Susan Jowett
Dennis Jones
Gemma Savidge
Samantha Dennis
Rukia Shaffi
Mike Butler
Mark Coppel

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.

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 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;
- 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, estates and digital. 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 subject to a limit of £250k. Anything above these limits requires prior approval from ESFA (note – if statutory accounts have been qualified in prior 2 years, the cumulative limits are 2.5% subject to a limit of £250k).

3.3.4.2 severance payments made to staff are restricted to an assessment made of a likely Employment Tribunal award. Any amount >£50k non-contractual compensation requires specific ESFA approval (note: this does not include any contractual amount eg. statutory redundancy, or notice, 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 ≥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 >£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 CFO/Director of Finance and reported to Trust Board at the first available opportunity. If the CFO 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 ≥£100k. Any expenditure ≥£10K up to £100K will be co-authorised by the Trust Executive Team or Director of Finance.

3.3.6 Any Trustee expenses <£1,000 will be approved by the CFO/Director of Finance, but ≥£1,000 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 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 (at revenue level);
- 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.
- authorising the award of capital contracts >£5k (with co-authorisation required from Trust Executive for any contracts ≥£10k, and additional co-authorisation of Trust Board for any contract ≥£100k);

3.5 The Headteacher (& Deputy Headteacher if delegated by 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 approved budgets/forecasts;
- acting on internal and external audit findings where control weaknesses have been identified;
- escalating immediately to the CFO/Director of Finance 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/Trust Centre 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 Scrutiny

3.7.1 Internal Scrutiny is administered by an external party SAAF. The Audit & Finance Committee will set the scope for Internal Scrutiny. The main duties of Internal Scrutiny is to provide Trustees and Governors with assurance that:

- the financial and non-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 control are being maintained.

Internal Scrutiny will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that financial controls are effective. Internal Scrutiny will also include tests that cover HR and Governance (non-financial) and other areas of risk to the organisation, as identified by Audit & Finance Committee.

A report of 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 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 by Members through a tender process are Mazars LLP.

4. Accounting system

4.1 Iris Financials Accounting System

All the financial transactions of the Trust and each Academy must be recorded on the Iris accounting system. The Iris system is operated by the Office/Business Manager/Trust Centre 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 Iris 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 Iris 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 CFO/Director of Finance shall be notified immediately.

4.3 Back-up Procedures

4.3.1 The Trust CFO/Director of Finance is responsible for ensuring that there is effective back up procedures for Iris Financials data and that provision is made for restoring data in a disaster.

4.3.2 The Trust CFO/Director of Finance 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 Iris system can be found in the user manuals held by the academy, Trust Centre or also available from Iris.

4.5 Reconciliations

4.5.1 Trust Centre 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 CFO/Director of Finance and are to be evidenced on the reconciliation. The CFO/DIRECTOR OF FINANCE will review and e-sign all reconciliations as evidence of this review.

5 Financial planning

- 5.1 The Academy prepares monthly 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 ESFA 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 may be 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 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 CFO/Director of Finance 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 CFO/Director of Finance who will then seek approval from Trustees by the same deadline.

5.8 Balancing the Budget

- 5.8.1 Comparison of estimated revenue income and revenue 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 Trust 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 CFO/Director of Finance. 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 currently administered by EPM. The Office/Business Manager/Trust Centre is responsible for updating the financial information passed to them in a timely manner on a monthly basis.
- 6.1.2 All staff are paid monthly. Standing data is managed by HR. Details of all payments made are passed to the Office/Business Manager/Trust Centre for recording on IRIS. The Payroll process is managed each month by the Chief People Officer (CPO).
- 6.1.3 HR is responsible for liaison with EPM 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 EPM. The print must be reviewed and authorised together with authority to release payment by the Headteacher/CPO.
- 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 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 Use of Public Money

7.2.1 The Trust maintains a high standard of approach in its use of public money, and also considers how the public would view the Trust's position when it comes to areas of spend. Emotively, no individual should be seen to benefit at the expense of the children in the Trust. As a result, certain expenditure is prohibited unless there are particular circumstances which would require approval of the CEO/CFO/Director of Finance before being committed.

Examples of expenditure prohibited would include:

- alcohol for consumption – this is specifically prohibited by the ATH.
- gifts (including flowers), vouchers, perks, plastic bags, personal supermarket loyalty points gained on school spend, personal subscriptions not linked to job role.
- 1st Class travel unless evidenced to be cheaper than standard travel and signed off by Director of Finance/CFO
- Overnight stays and travel not directly linked to school business

This is not an exhaustive list, the intent is for all Trust leaders to consider what is defensible to the external public as well as Audit scrutiny. Note – Long Service Awards (vouchers) are a specific category of reward arranged by the Trust which is permissible.

Any events for Transform staff, Trustees and Members funded by non-publicly funded organisations are not subject to these same standards. Examples could include funded training, guest speaking and privately sponsored Transform events and gifts. However consideration should always be given to "how it looks" to members of the public, to Trustees and Members. Therefore it is incumbent on all Transform leaders to ensure the highest standards of perceived probity are maintained.

7.3 Purchases

7.3.1 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 additionally
- ≥ £10,000 but <£100,000 – Trust Centre Exec Team approval required additionally
- ≥£100,000 – Trustee approval required additionally

Note – for Capital items, ≥£5,000 requires Governor approval additionally BEFORE Trust Centre Exec Team/Trustee approval.

7.3.2 All purchasers should be able to demonstrate Value for Money in their purchasing decision. 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. In certain cases (eg partnership suppliers) it is only appropriate to obtain 1 quote to enable Trust compliance (eg, for compatibility with existing Trust systems).

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

7.3.4 All purchases ≥£100 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.

7.3.5 All invoices received should be passed to the Office/Business Manager/Trust Centre and matched to order. Invoices received must be promptly recorded in the purchase ledger. All invoices should be authorised on the face of the invoice or electronically by the appropriate signatory before being passed for payment.

Note – if Trustee or Governors have provided minuted approval at Order stage, the Head or CFO/Director of Finance will authorise invoice on their behalf once works are completed.

7.3.6 In the event of dispute, the Office/Business Manager/Trust Centre must be informed of the query and periodically kept up to date with progress.

7.3.7 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.

7.3.8 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.

7.3.9 The Office/Business Manager/Trust Centre will check all outstanding orders in Iris 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.

7.4 Orders ≥ £10,000 but <£100,000

7.4.1 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 CFO/Director of Finance should be informed. A desktop evaluation before progressing should be conducted for this. An "Unobtainable Quotes" Form is available for this purpose.

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

7.5 Orders of £100,000+

7.5.1 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. Formal Tendering would be the expectation in this category of spend. In every case. Trustee approval is required before an order can be placed.

7.5.2 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.

7.5.3 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 DfE grants. The receipt 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. All income remittances are to be approved 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:

- parents, mainly for trips and lunches; and
- the community, mainly for sports lettings and use of accommodation.

Each Academy is expected 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 IRIS 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 by cash handlers, or 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 a 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 CFO/Director of Finance 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 BACS, charge cards and other means of electronic transfer of funds must also be subject to the same level of payment 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 Trust Centre;
- adjustments arising are dealt with promptly.

9.1.5 Petty Cash is not permitted in the Trust.

9.1.6 The Trust CFO/Director of Finance and 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, Office/Business Manager and Trust CFO/Director of Finance immediately. It is not permissible for any bank account to be overdrawn at any stage – the CFO/Director of Finance should be notified immediately if there is a possibility of this occurring.

9.2 Charge cards

9.2.1 Each Academy can be provided an aggregate limit of up to £10,000 facility on charge cards issued.

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.

9.3 Staff Expenses

9.3.1 Staff must seek budget holder approval for any expenditure they incur on staff expenses. Email approval must be sought for items up to £100. An official order form must be signed off by the appropriate budget holder before any item over £100 is 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/Director of Finance or CEO). Executive Team expenses are to be authorised by another Executive Team member, or Chair of the Board in the case of the CEO.

9.3.3 Purchases through staff expenses should be non-routine (school are provided with a chargecard facility), and should be the exception.

10 Fixed assets

10.1 All items purchased with a value over the Academy's capitalisation limit must be entered on the Fixed Asset register. The capitalisation limit has been set at £5,000 per project. 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

10.2 The Academy's Inventory is NOT the same as a Fixed Asset register. The inventory is a list of all moveable assets that would be deemed of value. Maintaining the Inventory 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;
- 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 or inventory 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/inventory. 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 specific 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 assigned laptops/iPads which are used in the Academy and taken home on a frequent 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.

11 Management of Risk

- 11.1 The Trust maintains its own Risk Register which as a process is managed through Audit & Finance Committee. The Top 5 Trust Risks are escalated and specifically reviewed by Trust Board annually. Trust level risks are not likely to be the same as Academy level risks
- 11.2 Risks identified are those that are serious, and reflect both Likelihood, Impact and processes already in place for Mitigation. It is therefore the Gross Risk (before mitigation) and the Net Risk (after mitigation) which should be considered within the scope of each Risk Register. Ranking of Risks is based on NET RISK.
- 11.3 Each Academy must maintain its own Risk Register, to keep it updated to assess existing risks and to add new risks. Ranking of Risks should be based on NET RISK.
- 11.4 The Local Governing Body should consider the Top 10 Academy Risks over the course of each academic year. It is for the School Leadership to determine the Top 10 Risks, and for the LGB to consider and challenge the ranking, and the NET RISK scores.
- 11.5 The Risk Register Process sits within the Financial Policy, but it is not a Finance process. Leadership should ask the question “what keeps me awake at night” when determining the top risks in Trust or Academy. Finance is likely to feature but should be viewed as an enabler to managing and mitigating risks in the Academy or Trust.