



# **Finance Policy**

**July 2018**

**Date of Review: June 2018**

**Reviewed by: Trust Finance Director**

**Date agreed by Trustees: 4 July 2018**

**Frequency of Review: Annually**

**Date of Next Review: July 2019**

## **Introduction**

1. The purpose of this policy and associated procedures is to ensure that The Futures Trust ("The Trust") maintains and develops systems of financial control which conform to the requirements both of propriety, value for money and of good financial management. It is imperative that these systems are complied with in order to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).
2. The Trust, and each and every academy within the Trust, must comply with the principles of financial control detailed in the Education and Skills Funding Agency (ESFA) Academies Financial Handbook published by the DfE. This policy provides detailed information on the Trust's accounting procedures, which should be read by all staff involved with financial systems, management and reporting.
3. The policy covers all finance related policies.
4. This policy relates to all of the Trust's Academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff. Each school will have approved procedures detailing how this Finance Policy is complied with.
5. This policy is designed to be consistent with:
  - i. ESFA Academies Financial Handbook
  - ii. The Trust Memorandum and Articles of Association / Constitution / Scheme of Delegation
  - iii. HM Treasury's Regularity, Propriety and Value for Money
  - iv. Master and Supplemental Funding Agreements
6. This Policy also contains the following appendices:
  1. Appendix 1 Procurement Policy (May 2018)
  2. Appendix 2 Anti-Fraud and Corruption Policy (May 2018)
  3. Appendix 3 Risk Management Policy (May 2018)

## **Organisation**

7. The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide delegation of duties and a framework of accountability for Trustees and staff. The financial reporting structure is outlined below in line with the Scheme of Delegation:

### Board of Trustees / Trustees Sub-Committee: Finance, Resources, Audit and Risk

8. The Board of Trustees and Sub-Committees of the Trust have overall responsibility for the administration of its Academies' finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its Academies with the Department for Education (DfE). These responsibilities in relation to financial matters include:

## Board of Trustees

9. Trustees are responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:
  - i. finance policy development and strategic planning;
  - ii. ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance;
  - iii. ensuring compliance with general legislative requirements;
  - iv. establishing and maintaining a transparent system of prudent and effective internal controls;
  - v. management of the Trust's financial, human and other resources;
  - vi. monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon;
  - vii. setting the Trust's standards of conduct and values;
  - viii. assessing and managing risk, including the preparation of a statement on academies risk management, for its annual report and accounts;
  - ix. to hold to account each Trustee.
  
10. The Board is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity, most particularly by:
  - i. assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
  - ii. promoting a climate of financial discipline and control the opportunity for financial mismanagement.

## Finance, Resources, Audit and Risk Committee (FRARC)

11. The FRARC is responsible for scrutinising the Trust and Academy budgets and finance, internal controls systems and risk management arrangements, most particularly by:
  - i. assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
  - ii. improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;
  - iii. promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
  - iv. promoting the development of internal controls and risk management systems which will help satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating in accordance with any statutory requirements for the use of public funds;
  - v. applying delegated authorities laid down by Board of Trustees;
  - vi. ensuring a system which will make most economic and effective use of resources available.

## The Chief Executive Officer

12. The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The

Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

13. The main responsibilities of the CEO include:
- i. the development of the annual budget;
  - ii. the development of medium term financial planning
  - iii. the regular monitoring of actual expenditure and income against budget;
  - iv. ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
  - v. ensuring that the regular reports provided to the Board are timely and accurate;
  - vi. authorising orders and the award of contracts within the approval limits shown in Appendix 1;
  - vii. authorising payments within the approval limits shown in Appendix 1
  - viii. authorising changes to the Trust's personnel establishment within the authorised establishment.

#### The Trust's Headteachers

14. Within the framework of the Trust's Development Plan, each academy Headteacher has overall executive responsibility for his/her academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director and the Business Managers but the Headteacher still retains responsibility for:
- i. approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
  - ii. authorising orders within the approval limits shown in Appendix 1;
  - iii. authorising invoices within the approval limits shown in Appendix 1;
  - iv. ensuring the delivery of the academy annual budget as approved by the Trust;
  - v. monitoring the regular budget reports with the Business Manager and acting on overspends or risk.

#### The Finance Director

15. The Finance Director works in close collaboration with the CEO through whom he or she is responsible to the Trust Board. The Finance Director has direct access to the Board. The main responsibilities of the Finance Director are:
- i. the management of the Trust's financial position at a strategic and operational level within the Finance Policy and procedures determined by the Board;
  - ii. the maintenance of effective systems of internal control;
  - iii. ensuring that the annual accounts are properly presented for external audit and adequately supported by the underlying books and records of each academy;
  - iv. the consolidation of budgets and medium term financial plans, presenting them to the FRARC for approval;

- v. ensuring returns to EFSA and other funding agencies completed correctly and on time:
  - ensuring returns to statutory bodies are completed
  - cashflow and treasury management including managing investments
  - functional management of the financial element of Academy Business Managers
  - authorising orders and the award of contracts within the approval limits shown in Appendix 1;
  - authorising payments within the approval limits shown in Appendix 1.
  - provide reports at each FRARC Meeting on various financial matters, as appropriate, including latest Management Accounts, Cashflow projections and uses of delegated authority, as applicable.

### The Business/Finance Manager

16. It is envisaged that each academy will have a Business/Finance Manager or a person who undertakes that role albeit with a different job title e.g. in a smaller school, Business Manager. The Business Managers work in close collaboration with the Finance Director and their respective Headteacher. The main financial responsibilities of a Business Manager are:
- i. the day to day management of financial issues;
  - ii. authorising invoices within the approval limits shown in Appendix 1;
  - iii. the preparation of the academy annual budget and medium term financial plans for approval by the LGB and the Trust;
  - iv. Ensuring that financial controls are working effectively at academy level
  - v. Actively monitoring expenditure versus budget;
  - vi. Monthly reporting of Management Accounts to the Finance Director together with explanations of variances;
  - vii. Identification and management of financial risks and escalating these to the Finance Director.

### Internal Audit

17. The Internal Auditors are appointed by the Trustees (through the FRARC) and provide Trustees with an independent oversight of the financial control. The main duties of the Internal Auditors are to provide the Trustees with independent assurance that:
- i. the financial responsibilities of the Trustees are being properly discharged;
  - ii. resources are being managed in an efficient, economical and effective manner;
  - iii. sound systems of internal financial control are being maintained and
  - iv. financial considerations are fully taken into account in reaching decisions.
  - v. risks are identified and appropriate actions put in place.
18. The Trustees will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the FRARC for review.

## Other Staff

19. Other members of staff, primarily Finance Officers, Administration Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy and/or in each school's financial procedures.
20. All members of staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

## Conflict of Interest

21. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Trust directors and senior staff are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection with its need to be published on the relevant website.
22. The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person.
23. The existence of a register of business interests does not detract from the duty of directors and staff to declare interests whenever they are relevant to particular matters being discussed by the board or a committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting.
24. The Board of Trustees must ensure that the requirements for managing connected party transactions are applied across the Trust. The Chair of the Board of Trustees and the Accounting Officer must ensure that their capacity to control and influence does not conflict with these requirements. They must manage personal relationships and **Connected Parties** to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the **seven principles of public life**.
25. **The Seven Principles of Public Life** are:
  1. **Selflessness**: Holders of public office should act solely in terms of the public interest.
  2. **Integrity**: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  3. **Objectivity**: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the security necessary to ensure this.
5. **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
6. **Honesty:** Holders of public office should be truthful.
7. **Leadership:** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

#### Trading with Connected Parties

26. The Trust must pay no more than 'cost' for goods or services provided to it by Connected Parties ('services' do not include services provided under a contract of employment). The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the Trust. For these purposes, where a contract takes the Trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

#### **Accounting System**

27. The Academy Trust uses the financial software PS Financial Systems (PSF) at the majority of its academies. All financial transactions of the Trust must be recorded on this system.

#### System Access

28. Entry to the PSF accounting system is password restricted and the ICT Director in conjunction with the Finance Director is responsible for implementing a system which ensures that passwords are changed at least four times every year.
29. Access to the component parts of the system can also be restricted and the ICT Director in conjunction with the Finance Director is responsible for setting access levels for all members of staff using the system.

#### Back-up Procedures

30. The ICT Director in conjunction with the Finance Director is responsible for ensuring that there are effective back up procedures for the system. Back-ups are taken at regular intervals each day. The full back-up is stored on the 'Cloud'.

#### Transaction Processing

31. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the associated operational system procedures.

## Reconciliations of Balance Sheet Accounts

32. The Finance Director is responsible for ensuring the following reconciliations are performed routinely at each Academy within the Trust, and that any reconciling or balancing amounts are cleared:
- i. sales ledger control account monthly
  - ii. purchase ledger control account monthly
  - iii. payroll control account monthly
  - iv. any suspense accounts monthly
  - v. accruals and prepayments monthly
  - vi. bank balance per the nominal ledger monthly to the bank statement.

## Financial Planning

33. The Trust and each academy will prepare both short term and medium term financial plans. Medium term is defined as a period of three to five years.
34. The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Development Plan indicates how the Trust's and each academy's educational and other objectives / priorities need to be achieved within the expected level of resources over the next three years. The assumptions will be set by the CEO/Trustees.
35. The Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

## Development Plan

36. The Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall Core Objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.
37. The form and content of the Development Plan will be set by the CEO and due regard should be given to any annual guidance issued by the DfE in the Academies Financial Handbook.

## Annual Budget

38. The Finance Director is responsible for working with the Headteachers, the Business Managers and others to prepare a draft consolidated annual budget for consideration by the CEO. Business Managers are required to provide draft budgets and supporting rationale for their individual schools in accordance with a timetable notified by the Finance Director. The CEO is responsible for obtaining approval of the budget by the Board of Trustees.
39. The approved budget must be submitted to the DfE by the specified date (normally 31 July), and the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that



the submission date is met. A Financial Calendar will be prepared which details all of the submission dates required by the ESFA.

40. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Action Plan objectives and the budgeted utilisation of resources.

#### Balancing the Budget

41. Each Academy should set a balanced budget, taking into account short and medium term projections and the need to invest to meet the longer term business plan. Any proposed use of reserves requires approval of FRARC.

#### Finalising the Budget

42. After the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the CEO, FRARC and the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

#### Monitoring and Review

43. Monthly reports will be prepared by the Business Managers, supported by the Finance Director. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, Headteachers and Finance Director.
44. 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. Monthly management accounts will always include a latest financial forecast for the year.
45. If a budget overspend is forecast it will not be appropriate to vire money from another budget or from the contingency.

#### **Payroll**

46. The main elements of the payroll system are staff appointments, together with payroll administration and payments.

#### Staff Appointments

47. As part of the annual budget process, the Trust Board will approve a staff establishment for the trust and each academy. Substantial changes (e.g. the addition of permanent full time posts) can only be made to this establishment with the express approval in the first instance of the CEO who must ensure that adequate budgetary provision exists for any establishment changes.

48. Where changes are in line with agreed budgets and in line with the approved Academy Development Plan, Headteachers may have authority to change the FTE size or scope of posts within their Academy - these changes will be included in the Headteacher's report to the Local Governing Body.
49. The CEO and Headteachers have authority to appoint staff within the authorised establishment except for the roles of the senior leadership group, when other Trust directors will generally be involved. The CEO will approve all appointments to the senior leadership group of the Trust.

#### Payroll Administration and Payments

50. Payroll is currently outsourced to a single provider for the entire Trust and the approval of the FRARC is needed to change any such arrangements.
51. The Trust has a Pay Policy and all appointments and changes to salary must be consistent with this. Any variations to this must be approved by the CEO. Approval of the CEO's remuneration will be by the Trustees.
52. Approved adjustments to the monthly payroll or standing data must be administered by the Business Manager and reviewed subsequently by the Finance Director, prior to payroll processing.
53. All severance payments must be approved by the CEO.

#### **Procurement - Detailed in Appendix 1**

54. The Trust wants to achieve the best value for money from all of its purchases. This means getting goods at the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:
- i. Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
  - ii. Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
  - iii. Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.
55. It is particularly important in the case of the Trust that any tenders where a Trust director may have a conflict of interest are managed with utmost probity.

#### Routine Purchasing

56. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy.
57. Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).

58. It is necessary to take the principles of best value into account at all times although this will not necessarily be at the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

59. Procurement routes are outlined in Appendix 1.

### Forms of Tenders

60. Details of forms of tenders and how to run a tender process are included in Appendix 1.

### Credit Cards and Purchasing Cards

61. A limited number of credit cards are currently issued and are to be used in accordance with the financial controls that are currently put in place for Purchase Ordering and the financial constraints placed on the cards.

### Income

62. The main sources of income for the Trust are the annual funding grants received from the DfE / ESFA. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the Trust are collected.

63. Grant funding is received from sources such as the local city and county councils for a variety of purposes including SEN funding.

64. The Trust also obtains income from:

- i. students, for example trips, activities, uniforms, school dinners; and
- ii. the public, mainly for lettings.

### Trips

65. Each academy has a specific procedure on Trips. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due. The appointment must be approved by the Business Manager.

66. The designated staff member will be responsible for estimating the costs, ensuring that payments are collected, producing a reconciliation etc.

### Lettings

67. Letting and hire of the Trust facilities will be conducted in line with the Debtors and Lettings Policy for each academy which includes a tariff of charges, which will be reviewed annually.

### Pricing

68. The Trust will set a tariff of charges for its chargeable services at full cost, but may apply an additional rate of return when in a commercial environment.

## Custody

69. Receipts should be provided (and copies retained) by the member of staff receiving money from students, parents and third parties, then signed at the point that those monies are handed over to the Business Manager or designated person. Monies collected should be held securely in the Academy Finance Office Safe and should be banked and reconciled promptly, whilst notifying the Trust Central Team.
70. Wherever possible, 'cashless' payment systems should be introduced.

## **Cash Management**

### Bank Accounts

71. The opening of all accounts must be agreed and authorised by the CEO and Finance Director who will set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts, BACS authorisation and cheque signing arrangements. Opening of new accounts and changes to existing mandates may require approval by FRARC or Trustees if the banks require necessary relevant information. The operation of systems such as BACS and other means of electronic transfer of funds must also be subject to the same level of control.

### Payments and withdrawals

72. All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the authorisation and signatures of authorised signatories as detailed in the Trust bank mandates.
73. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. At least one of the authorised signatories authorising a payment relating to goods or services must not have been involved in authorising the expenditure.

### Administration

74. All bank accounts must be reconciled monthly and checked by the Business Manager where applicable, within ten working days of month end. The Finance Director will periodically review the bank reconciliations.

### Petty Cash Accounts

75. Each academy maintains a maximum cash balance of up to £1,000.

### Deposits

76. The only deposits to petty cash should be from cheques cashed specifically for the purpose.

## Payments and Withdrawals

77. In the interests of security, petty cash payments will be limited as shown in the Financial Procedures. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

## Administration

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

## Cash Flow Forecasts

79. The Finance Director is responsible for preparing monthly cash flow forecasts for up to twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

## **Fixed Assets**

80. All fixed asset additions, as identified in paragraph 9.3, must be approved by the Chief Executive and Finance Director.

81. All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Finance Director, who will liaise with the Chief Executive and ICT Director to ensure that investment is consistent with the Trust's overall IT strategy.

## Fixed Asset Register

82. All items or groups of similar items purchased with a value over the Trust's capitalisation limit of £2,000 must be capitalised. Assets below this value of £2,000 will be charged to the income and expenditure in the year of purchase.

83. All assets with a value above £2,000 will be entered into the Fixed Asset Register.

84. Business Managers will review the Fixed Asset Register on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1,000 must be reported to the Trust's Finance Director.

85. The Fixed Asset Register helps:

- i. ensure that staff take responsibility for the safe custody of assets;
- ii. enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- iii. to manage the effective utilisation of assets and to plan for their replacement;
- iv. help the 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;
- v. security & disposal of assets. Detailed guidance is included in the associated procedures.

## Security of Assets

86. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
87. All the items in the fixed asset register should be permanently marked as the Trust's property and there should be a regular (at least annually) 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 Trust Finance Director.
88. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it, this should be noted.

## Loan of Assets

89. Items of Trust property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Headteacher.
90. If assets are on loan for extended periods or to a single member of staff on a regular basis for personal use, the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

## Disposals

91. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Director and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
92. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.
93. The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was received, in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.
94. All disposals of land must be agreed in advance with the Secretary of State.

## Leases

95. The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook.

96. Finance leases are classed as borrowings and may only be entered into with the specific authority of the ESFA.

97. All leases must be approved by the Finance Director.

### **Depreciation Policy**

98. The Trust will depreciate fixed assets in line with recognised Accounting Policies agreed with the External Auditors, best practice and DfE guidelines.

99. Depreciation rules will be approved by the Board in advance of preparing the annual statements.

### **Companies Policy**

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

### **Reserves & Investments Policy**

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

102. The current policy is for the Trust to hold revenue reserves equivalent, at least, to The Trust's Net Pay for Salaries on a monthly basis.

103. All revenue reserves are controlled by the Trust Board and cannot be spent without the approval of the Board, whilst those reserves transferred in upon conversion, are designated for use so far as possible by the academy which generated them.

104. In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy.

105. The Trust will build and maintain a capital reserve fund in line with the reserves policy approved by the Board from time to time.

106. Funds deemed surplus to immediate cash requirements will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.

107. The Trust will take a very prudent approach to any deposits or investments which it makes and ensure that funds can be available at around one month's notice.

## **Charging & Remission Policy**

108. The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.
109. The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.
110. Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these activities from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteacher.
111. In all cases, where a charge is made it will not exceed the costs of the provision.

## **Staff Expenses**

112. The Trust's Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:
- i. Travel by public transport;
  - ii. Use of own car and parking (excluding home to work travel);
  - iii. Unavoidable overnight accommodation;
  - iv. Reimbursement for approved items bought on behalf of the Trust.
113. Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and is available from the Finance Director.
114. Staff must submit an expenses claim form and seek approval as laid out in the Finance Procedures before being sent to the Business Manager to be paid. All claims must be accompanied by receipts.
115. The Finance Director will monitor claims to ensure compliance with this procedure.

## **Trustees' Expenses**

116. Trustees may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Committee Members' Allowances. This policy describes what expenses are allowed, the process for making claims and the current rates.
117. Reasonable expenses will include:
- i. Attendance at meetings of the Trust board or Local Governing Body or their committees;
  - ii. Meetings with authorities, regulators, auditors etc;



- iii. Meetings with members of staff or prospective staff connected with their official duties;
- iv. Other official meetings.

118. It is expected that Trustees and Members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust.

119. Trustees and Members may not claim for:

- i. Time spent working as a Trustee or Member
- ii. Loss of earnings
- iii. Food or refreshments
- iv. Expenses in connection with foreign travel other than as allowed below.

120. The level of expenses that can be claimed will be no higher than that used for staff employed by the Trust (see para 112 – 115 above).

121. There will be no payments to any Trustee by the Trust unless such payments are permitted by the Articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. The Trust will, in particular, need to consider these obligations when payments are made to other business entities which employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest. The Finance Director should report any breach or potential breach of this policy to the Chair of Trustees and Chair of FRARC when immediately aware.

## **Taxation**

122. The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Finance Director to ensure compliance with VAT regulations.

123. The Finance Director will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

124. Any payments to contractors and subcontractors will be made in accordance with the Construction Industry Scheme and any consultant will only be paid gross, when that is in compliance with PAYE guidance.

## **Insurance**

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

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

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

128. The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim and Business Managers or Headteachers must provide such information promptly to the Finance Director.

### **Bad Debts – Discretion as required**

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

130. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

131. Income from lettings will be collected in accordance with the Debtors and Lettings Policy.

132. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off after approval by the Finance Director up to £1,000, otherwise by FRARC and in accordance with the guidance provided in the Academies Financial Handbook. The Trust must obtain the ESFA's prior approval for writing off debts above limits specified in the Handbook.

133. To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

134. The Academies will retain a Bad Debt Write-Off Summary.

### **Novel and/or Contentious Transactions**

135. Novel payments or other transactions are those of which the Academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media. Novel and/or contentious transactions must always be referred to the ESFA for explicit prior authorisation.

### **Monitoring Outcomes & Review**

136. Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and the Finance Director.

137. Effectiveness of this policy and any associated procedures will also be monitored by the FRARC, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Finance & Resources Committee.

138. Findings and recommendations will be used to revise this policy and associated procedures; this will be undertaken by referring any recommendations for changes to the Finance & Resources Committee.

139. Key indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets
- Value for Money being demonstrated
- Expenditure targeted on key priority areas
- Timely reports to the Board, DfE and others
- Up to date, accurate records.

**Appendix 1**

**TFT Procurement Policy (May 2018)**

**Appendix 2**

**TFT Anti-Fraud and Corruption Policy (May 2018)**

**Appendix 3**

**TFT Risk Management Policy (May 2018)**