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## FINANCE POLICY

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## FINANCE POLICY

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## 1 INTRODUCTION

This Policy is the legal responsibility of Redhill Academy Trust, who is the employer of all staff. The content of this policy is applicable to all staff and compliance is a mandatory requirement. Where local policies exist, i.e. academy, their content must not contradict the requirements of this policy.

Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities. The Executive Board of Directors (the Board) of the Redhill Academy Trust (the Trust) are therefore subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them.

The Board has responsibility under statute for ensuring that the Trust's funds are used only in accordance with the law, their powers under the Funding Agreement (including the Trust's Articles of Association which sets out the powers of the Trust and its governance arrangements), and the Education & Skills Funding Agency (ESFA) 'Academies Financial Handbook'.

The Board has wide discretion over the use of the Trust's funds. They are responsible for the proper stewardship of those funds and for ensuring value for money in their use through the principles of economy, efficiency and effectiveness. They must also ensure that any discretion is used reasonably, and takes into account any and all relevant guidance on accountability and propriety.

The Board recognise the need for good financial control over the Trust's resources and has formulated this policy in order to achieve the required standards of financial management across the Trust.

### **Definitions**

- Executive Trust Board of Directors to also mean Board of Trustees
- Trust Principal to also mean Accounting Officer
- Finance Director to also mean Chief Financial Officer
- Head teacher to also mean Head of School
- Operations Manager to also mean Business Manager

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## 2 ORGANISATION OF RESPONSIBILITY & ACCOUNTABILITY

### 2.1 The Board of Directors

The Board has a strategic role in determining the educational and financial priorities of the Trust, ensuring that the financial resources are used effectively and that adequate internal controls are in place throughout the academies within the Trust.

#### **Responsibilities:**

The Board has overall responsibility and ultimate decision making authority for all the work of the Trust, including business planning and monitoring of budgets. However, the Board is permitted to delegate various functions to the Local Academy Board (LAB) in accordance with clause 5 of the Trust Executive Terms of reference.

The following powers **shall not be delegated** and will remain with the Board:

- The powers set out in Articles 5 (a), (b), (c), (e), (g), (l), (m), (n) and (o) of the Articles of Association of the Trust.
- Ensuring compliance with the Trust's duties under Company Law and charity law, and agreements made with the ESFA (including the Master Funding Agreement and any Supplemental Funding Agreement).
- Ensuring the solvency of the Trust, safeguarding its assets and delivering its charitable outcomes.
- The approval of the Trust's financial policies.
- Approving the statutory Trust Report and Accounts to Year End 31 August.
- To receive reports from the Local Academy Board and make recommendations to the Local Academy Board.
- Selling or otherwise disposing of any asset which is of a value in excess of 10% of the total net book value of all assets belonging to an Academy.
- Creating or allowing to come into being any third party interest (other than a line on assets arising in the ordinary course of trading or a charge operating as a result of a title retention clause).
- Giving any guarantee or indemnity other than in the ordinary course of business, the value of which exceeds £1,000.
- Entering into a contract or arrangement which is of a value in excess of 10% of the General Annual Grant (GAG) for the Academy per year or which the termination provisions require more than one year's notice.
- Overall responsibility for Internal Audit.

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- Acquiring assets having a market value in excess of 5% of the GAG for the Academy.
  - Entering into, varying or terminating any lease, licence, tenancy or other similar arrangement which is of a value in excess of 10% of the General Annual Grant (GAG) for the Academy per year.
  - Any lending.
  - Entering into any other arrangement in the nature of borrowing (including debts factoring, invoice discounting, hire purchase, equipment leasing, conditional or credit sales or any off balance sheet borrowings) if the value of the amount borrowed exceeds 5% of the GAG for the Academy.
  - Terminating or varying the terms of any contract which has a value in excess of 10% of the GAG for the Academy.
  - Engaging any employee or consultant whose annual pay per annum exceeds the total pay per annum of the Head teacher / Head of School of the Academy.
  - Varying the terms and conditions of that engagement so that they are no longer comparable to the equivalent engagement in one or more of the academies in the Trust.
  - To approve the writing off of irrecoverable debts in excess of £2,500.

In addition to this the Board will:

- Set out in writing the roles and responsibilities of the Local Academy Board, its committees, the Head teacher / Head of School and other relevant staff in relation to financial decision making in the Trust approved Finance Policy.
- Approve the annual accounts.
- Approve the Annual Trust Budget.

## **2.2 Trust Principal**

### **Role:**

The Trust Principal has a role, under the Board's authority, for the Trust's overall financial management and staffing, supported on a day to day basis by the Finance Director and Director of Operations respectively.

### **Responsibilities:**

- **Regularity** – ensuring all items of income and expenditure are dealt with in accordance with legislation, the terms of the Trust's funding agreement, the ESFA Academies Handbook and compliance with internal Trust procedures.

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- **Propriety** – ensuring that all expenditures and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards, of conduct, behaviour and corporate governance.
  - **Value for Money** – achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge.
  - To advise the Board in writing if, at any time, any action or policy under consideration by them is incompatible with, or appears to be failing to act where required to do so, by the terms of the ESFA Academies Financial Handbook or the Funding agreement.

### **2.3 Local Academy Board**

#### **Role:**

The Local Academy Board will maintain a local role in determining the educational and financial priorities of the Academy, ensuring that the financial resources delegated to it are used effectively and that adequate local controls are maintained over these.

#### **Responsibilities:**

- To set up a Business and Finance Committee to consider strategic financial issues on behalf of the Local Academy Board, and to review the committee's remit and membership on an annual basis.
- To follow the financial limits of delegated authority in line with the Trust Finance Policy when entering into commitments, authorising invoices and the subsequent payment of these (e.g. BACS).
- To establish a register of business interests of governors, the Head teacher / Head of School and any other staff who have the ability to influence financial decisions, to ensure that it is open to inspection and to oversee its maintenance through an annual review and/or update.
- To ensure that the priorities, aims and objectives as outlined in the School Improvement / Development plan are costed and clearly linked to the annual Budget Plan.
- To agree and recommend the annual Budget Plan for the Academy for ratification by the Board of Directors and ensure that it is submitted to the Finance Director by the required deadline for submission to the ESFA.
- To follow the level of detail, minimum frequency and general format of financial information as defined by the Trust Finance Policy, especially in relation to budget monitoring reports.
- To report suspected financial irregularities to the Executive Board without delay.

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- To respond promptly to any recommendations made in audit reports and monitor the progress of any remedial action identified.
  - To approve the writing off of irrecoverable debts between £500 and £2,500 and the disposal of surplus and damaged equipment between £500 and £2,500.

#### **2.4 Local Business and Finance Committee**

##### **Role:**

In order to assist the Local Academy Board the responsibilities have been delegated to the Business and Finance Committee.

##### **Responsibilities:**

- To ensure the preparation of the academy's annual budget plan in accordance with the priorities within the academy improvement plan (including the staff complement), for determination by the Board.
- To monitor expenditure and income by receiving regular reports from the Operations Manager comparing income and expenditure to the original budget set, and report back to the full Local Academy Board.
- To operate the Trust's arrangements for obtaining quotations and inviting tenders.
- To ensure the maintenance of the inventories and security of assets and to approve in writing the method of disposal and the deletion of items from the inventory.
- To formulate and recommend to the Local Academy Board a charging/remissions and lettings policy in line with the Trust's Charging & Remissions policy.
- Monitoring of Internal Audit findings and implementation of agreed actions.

#### **2.5 Finance Director**

##### **Role:**

To perform the role of Chief Financial Officer and lead the Trust's Shared Services finance team, operating in compliance with the requirements of this policy, the Trust's Accounting Officer, the ESFA's Financial Handbook, and all applicable financial regulations. The Finance Director will work closely with the Trust Principal, Director of Operations, Head teacher / Head of School, and Operations Manager to ensure that sound systems of internal control are in place and are implemented to ensure each academy operates in accordance with the Trust Finance Policy.

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**Responsibilities:**

- To ensure the accounts are maintained in accordance with the Trust Finance Policy and ESFA Academies Financial Handbook, and to ensure that accounts are provided for audit and implementation of auditor's recommendations.
- To lead the Shared Services finance team in all academy financial transactional and control activities across the Trust, on behalf of all academies, excluding School Voluntary Fund.
- To prepare the annual budget plan for the Trust for approval by the Board.
- To oversee, with the Academy School Operations Manager and Head Teacher/Head of School, the preparation of the Academy annual budget plan for recommendation by the Local Academy Board to the Trust Board.
- To ensure budget monitoring exercises are performed on a monthly basis, ensuring corrective action is taken.
- To ensure the cash flow across the Trust is monitored on at least a monthly basis.
- To provide management accounts to the Chair of Trustees each month and the Board at least 6 times per year on the financial position of the Trust and individual Academies. These should be in a format approved by the Trust which meets the requirements of the Academies Financial Handbook, include an income and expenditure account, variation to budget narrative, a balance sheet and cash flow report.
- To report any financial irregularities or suspected fraud to the Board immediately.
- To report any financial irregularities or suspected fraud to the ESFA as required by the defined requirements in the Academies Financial Handbook.
- Organisation of personnel in respect of financial administration, ensuring that there is satisfactory contingency arrangements, particularly in the absence of key staff.
- To submit required Trust financial returns to the ESFA and Companies House in line with published deadlines.
- To prepare the annual regularity report for the annual financial statements in the form required by the Secretary of State and take appropriate action on any comments from the external auditor's on regularity.
- To ensure that the external auditors are made aware of all issues in the period under review that may affect either their statutory or regularity report.
- Support the delivery of an Internal Scrutiny Programme in line with the ESFA Academies Financial Handbook.

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- Working with external auditors and accountants to prepare annual accounts for authorisation including the Statutory Accounts for the Trust.
  - To ensure robust procurements processes have been utilised to ensure best value for money for all purchases.
  - To ensure the contracts in place across the Trust are reviewed to ensure value for money, making recommendations for change where appropriate.
  - To ensure VAT claims for the Trust are verified and submitted on a timely basis.
  - Providing financial and statistical information as and when required.
  - To ensure the Voluntary School Funds held at each academy are appropriately reconciled each month, and any unexplained variances are appropriately investigated.

## **2.6 Director of Operations**

### **Role:**

To lead the Trust's Shared Services HR and Payroll team, operating in compliance with the requirements of this policy, the ESFA's Financial Handbook, and all applicable financial regulations. The Director of Operations will work closely with the Trust Principal, Finance Director, Head Teacher / Head of School, and Operations Manager to ensure that sound systems of internal control are in place and are implemented to ensure each academy operates in accordance with the Trust Finance Policy.

- To lead the Shared Services HR and Payroll team in all salary and payroll transactional and control activities across the Trust, on behalf of all academies.
- To recommend to the Board and oversee implementation at each academy any necessary change in payroll provider.
- To determine insurance arrangements across the Trust, preparing insurance proposals and working with the Academy Head teacher / Head of School and School Operations Manager to purchase insurance.
- To support the Finance Director in ensuring the contracts in place across the Trust are reviewed to ensure value for money is obtained.
- To give approval to any requests to sell Capital Assets.
- To manage the School Condition Allocation per the requirements within section 6.
- To manage, on behalf of the Board, the Trust's overall governance framework.

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## **2.7 Head Teacher**

### **Role:**

To ensure that the financial administration of the Academy operates in accordance with the Trust Finance Policy. In the absence of the Head Teacher / Head of School, responsibilities outlined below will be delegated to the Deputy Head Teacher and Finance Director for the Trust.

### **Responsibilities:**

- To oversee the preparation of the annual budget plan for the Local Academy Board's recommendation to the Trust Board.
- To participate in budget monitoring exercises on a monthly basis.
- To report any suspected irregularities and suspected fraud to the Local Academy Board and Finance Director.
- To consider and respond promptly to recommendations made in internal and external audit reports and advise the Local Academy Board of any remedial action implemented.
- To authorise orders, invoices and payments up to the limits agreed by the Trust Board as outlined in section 5 of this policy.
- Organisation of personnel in respect of the School Voluntary Fund financial administration, ensuring there is full compliance to the School Fund Finance Policy (see Appendix 2) and there are appropriate controls over the costing of all school trips and other activities, over collection of student payments into the fund and supplier payments out of the fund. To also ensure there are satisfactory contingency arrangements in place, particularly in the absence of key staff.

## **2.8 Operations Manager**

### **Role:**

To implement the finance policy and procedures agreed by the Board and to manage financial activities in line with these. To monitor the academy budget on a day to day basis and work closely with the Finance Director and provide information and support as required.

### **Responsibilities:**

To undertake responsibility for the day to day administration of the academy's financial administration including:

- To work with the Head teacher and the Finance Director to prepare the Academy annual budget plan for recommendation by the LAB.

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- Ordering goods and receiving goods up to limits of delegated authority.
  - Approving invoices up to levels of delegated authority.
  - Approving payroll notifications, claims and returns.
  - Approving staffing returns.
  - Provision of lettings and other sales information to Finance Shared Services to ensure timely raising of sales invoices.
  - To work with Finance Shared Services to ensure debtors are monitored and debts are recovered on a timely basis.
  - To provide reports, in a format defined by the Finance Director, to the LAB on a termly basis on the financial position of the academy.
  - To work with the Finance Director to provide monthly monitoring information to the Head Teacher and Cost Centre budget holders.
  - To work with the Finance Director to enable them to submit financial returns on behalf of the Trust.
  - To oversee the day to day management of the academy's financial administration, ensure that sound systems of internal control exist over these.

## **2.9 Department / Cost Centre Budget Holders**

### **Role:**

To undertake the effective and efficient management of and to remain accountable for, the resources delegated to them by the Executive Board/ Trust Principal.

### **Responsibilities:**

- To undertake the day to day monitoring and control of budgets delegated to them.
- To ensure that any goods/services purchased from the delegated budget are done so in accordance with the academy's financial management procedures and the requirements of the Trust Finance Policy.

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### 3 FINANCIAL PLANNING & BUDGET MONITORING

- The Trust Executive Board must approve a balanced budget for the Trust for the financial year, which may draw on unspent fund brought forward.
- The Trust will receive from each Academy a percentage of funds (Service Charge) to pay for central Trust services. This % will be reviewed annually and approved by the Board, via delegation to the Audit Committee.
- Each academy has a written statement of its aims and objectives in the form of the School Improvement plan and this forms the basis for constructing budget plans.
- Each academy has both medium term educational (Academy Improvement) and budget plans which outline the areas of priority with regards to spending, showing how the use of resources is linked to the achievement of the academy's goals.
- The Board has established a formal procedure for planning the Academy Improvement plan and the budget and has set out a timetable for the process.
- The Operations Manager will prepare estimates of expenditure and income in good time for consideration by the Local Academy Board Business and Finance Committee within the time scale outlined in the budget planning timetable.
- The Governing Body will ensure that planned expenditure does not exceed the available budget allocation during budget reviews.
- On behalf of the Head teacher, the Operations Manager will forward details of the approved budget to the Local Academy Board for timely consideration and will also alert the Local Academy Board of any subsequent changes to the budget.
- The Board / Finance Director will report to the DfE on the intended use of any balances as described in the funding agreement.
- The Governing Body will ensure that the main elements of the academy's budget are subject to a periodic review to ensure that the academy works within the principles of Best Value and that historic spending patterns are not repeated without challenge.
- Each academy operates a system of budget profiling and cash flow forecasting to take account of likely spending patterns.
- The Operations Manager will provide a report on expenditure, including items committed but not yet paid at each Business and Finance Committee meeting. This report should include details on any significant variances against the approved Budget Plan and where necessary any remedial action plans

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and monitor the expenditure on the initiatives set out in the Academy Improvement plan.

- The Operations Manager is authorised by the Local Academy Board to appoint a budget manager for any department as appropriate within the academy and may delegate the responsibility to spend within a department's annual budget allocation to the department's appointed budget manager.
- The Operations Manager will provide department budget managers access to regular reports on spending and these will be reviewed with the Operations Manager periodically or as deemed appropriate.
- The Head teacher and the Local Academy Board will assess the progress made against the stated objectives in the Academy Improvement plan.
- The Finance Director will periodically consult the Governing Body and relevant staff to ensure that the financial and management information issued is relevant, timely, reliable and understandable.
- The Operations Manager will report any policy changes agreed by the Board which significantly affect the expenditure or income budgets at the next Business and Finance committee meeting.
- The Finance Director will ensure all ESFA budget reporting requirements are met, including submission of the Budget Forecast Return, notification of any plans to set a deficit revenue budget, and seeking approval of any intended borrowing.

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#### **4 INTERNAL FINANCIAL CONTROLS**

- The Head teacher will ensure that the requirements of this Finance Policy are briefed to all new staff and are briefed periodically to all staff in order to maintain up to date knowledge and ongoing compliance.
- The Finance Director will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained.
- The Finance Director will ensure that as far as possible the duties of staff relating to financial administration are distributed so that at least two people are involved to ensure segregation of duties. The work of one person should act as a check on the work of the other. All checks should be fully documented.
- The Finance Director will ensure that proper accounting records are maintained and held securely.
- An audit trail of all financial transactions will be maintained from original documentation to the accounting records, and vice versa.
- Accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. The Finance Director will determine who is authorised to access the records.
- The Finance Director and/or Head teacher will ensure that expenditure from ring fenced sources of funding are used for their intended purposes and are identifiable within the academy accounts and supporting records.

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## 5 PURCHASING

- Before any orders are placed, the person responsible for placing the order will give consideration to price, quality, fitness for purpose (hereafter referred to as value for money), as well as available budget.
- Before any orders are placed with a new supplier, the person responsible for selecting the supplier must ensure the supplier is bona fide and that payment terms of not less than 30 days are agreed. Approval of the Finance Director must be obtained before any payment terms of less than 30 days are agreed.
- The financial limits of delegated authority as approved by the Trust Board for entering into commitments and ordering goods and services are as detailed below;

<b>Trust Principal</b>	<b>£50,000</b>
<b>Finance Director</b>	<b>£50,000</b>
<b>Director of Operations</b>	<b>£40,000</b>
<b>Head Teacher</b>	<b>£25,000</b>
<b>Operations Manager</b>	<b>£10,000</b>
<b>ICT Manager</b>	<b>£5,000</b>
<b>Facilities Manager</b>	<b>£5,000</b>
<b>Departmental Budget Holders</b>	<b>£1,000</b>

- All orders must be approved by an authorised member of staff per the list in this section [5] subject to their authorised delegated level. The signatory should be satisfied that the goods or services ordered are appropriate, necessary, represent value for money, and that there is adequate budgetary provision and quotation / tendering procedures have been followed.
- All intended purchases with an estimated value of £5,000 but no more than £50,000 should be awarded by obtaining 3 quotations. Where it is not possible to obtain 3 quotations, such as purchases with a single supply source, an explanation must be retained to demonstrate why alternative quotations were not obtained. Items which are exempt from this requirement are: examination fees, utility charges, ongoing contractual obligations, academy visits to venue-specific performances or activities, e.g. theatre, residential visit.
- All intended purchases over £50,000 must be awarded by selective tendering from at least three recognised sources known to be suppliers of the goods and/or services in question. This process may be supported by the use of procurement frameworks that the Trust has signed up to.
- All intended purchases or contracts for supplies and services with an estimated value above 221,000 Euros for services and supplies and works estimated above 5,548,000 Euros must observe European Union law and must be advertised in the Official Journal of the European Union. Advice should be obtained from the Director of Finance in order that the relevant European Directives are complied with.

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- All contracts, orders and purchases with an estimated value of over £50,000 and up to £250,000 must be approved jointly by the Trust Principal, Finance Director and Chair of the Board or Chair of the Audit Committee and reported upon at each Audit Committee meeting. For items with an estimated value over £250,000 full Board approval is required.
  - The Local Academy Board will be informed of all instances where a quotation has been accepted that is not the lowest or most financially advantageous. This will be recorded in the minutes of the meeting.
  - Official prior pre-numbered orders must be raised for all works, goods and services (with exceptions at the prior agreement of the Finance Director, including utilities, rents and rates payments) before any contractual commitment is entered into. Where urgency requires a telephone order, this should be subject to the procedures outlined above and an official order raised at the earliest opportunity as confirmation to commit the expenditure, and to ensure financial commitments are recorded.
  - When an order is placed, the value should be committed against the appropriate budget heading on the academy's financial system so that it is included in budget monitoring reports.
  - Official orders will only be used for goods and services provided to the academy. Individuals are not permitted to use official orders to obtain goods or services for their private use.
  - Where a supplier offers a discount or loyalty scheme, any benefit derived from the purchasing activity must be received by the academy, not the employee.
  - The *delegated budget holder* will ensure that goods and services are checked on receipt to ensure that they match the order. Wherever possible, the person responsible for checking the goods or services is not the person who orders the goods and processed the invoice. The checking procedure should be recorded on the order and any delivery note retained.
  - The Finance Director will ensure that payments are only made to a supplier once the goods or services have been received and checked and confirmed as being satisfactory, and on receipt of a proper invoice which has been received, checked, coded and approved for payment.

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- The limits of delegated authority as approved by the Board for authorising invoices for payment are as detailed below. There is no limit set for the Trust Principal or Finance Director as control over the level of authorisation has already been applied in the ordering process as identified above;

<b>Trust Principal</b>	<b>No limit</b>
<b>Finance Director</b>	<b>No limit</b>
<b>Financial Controller</b>	<b>£50,000</b>
<b>Head Teacher</b>	<b>£25,000</b>
<b>Operations Manager</b>	<b>£10,000</b>
<b>ICT Manager</b>	<b>£5,000</b>
<b>Facilities Manager</b>	<b>£5,000</b>
<b>Departmental Budget Holders</b>	<b>£1,000</b>

- Wherever possible, the authorisation of an invoice should not be performed by a person if they have also authorised the order and checked the receipt of goods or services.
- BACS processing will require two authorities, one to create the BACS payment and to authorise and a second to authorise and submit the payment for processing.
- Where possible, BACS processed should have an official order raised on the finance system.
- Cheques must only be used if all alternative payment methods have been discounted. The current banking arrangements do not allow for cheques books to be held at Academy level, and therefore cheques may only be issued by the Shared Service Finance Team on request.;

<b>Trust Principal</b>	<b>No Limit</b>
<b>Finance Director</b>	<b>No Limit</b>
<b>Financial Controller</b>	<b>£10,000</b>

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## **6 CAPITAL INCOME, EXPENDITURE & DISPOSALS**

- The Trust Principal and Director of Operations are responsible for ensuring the annual School Condition Allocation is received and recorded in the Trust's financial system.
- The Trust Principal and Director of Operations will notify all Head Teachers annually of the process to bid for School Condition Allocation funds.
- The Trust Principal and Director of Operations will operate a fair system for annually prioritising the allocation of School Condition Allocation funds.
- Head Teachers and Operations Managers are responsible for ensuring academy capital investment allocations are implemented in line with the Finance Policy's purchasing requirements.
- The Finance Director is responsible for ensuring the correct accounting treatment is applied to capital income, expenditure and disposals within the Trust's financial systems.
- The Director of Operations will ensure ESFA approval is received prior to any agreement being entered into for acquisition or disposal of land, buildings or other assets requiring ESFA consent.
- The Director of Operations will ensure ESFA approval is received prior to any agreement being entered into for any finance lease, taking on a leasehold or tenancy agreement for a term of seven or more years, or before granting any leasehold interest to another party.
- Capital items are defined as items that have a minimum life cycle of one year and a value in excess of £500. Items that form part of a system i.e. IT hardware are also classified as capital items.

## 7 INCOME

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- The Local Academy Board will approve the charging policy for academy lettings annually and the supply of other goods and services within the guidelines of the Trust policy. This will determine the rates of hire in place and will be reviewed on an annual basis.
- All lettings will be authorised by the Operations Manager in accordance with the charging policy agreed by the Local Academy Board. Proper records should be kept of all lettings and the income due from these.
- The Operations Manager and Finance Director are responsible for ensuring that the responsibility for identifying sums due to the academy is separated from the responsibility for collecting and banking such sums.
- Invoices, compliant with HMRC VAT requirements, will be issued promptly by Finance Shared Services following academy or Teaching School confirmation of the service. This period of time will not exceed 30 days.
- Any income remitted directly to the academy's bank account without the issuance of an invoice, such as Local Authority income, will be identified by Finance Shared Services from remittance advices and/or bank account reconciliations, and recorded on the Trust's financial system against the academy to which it relates.
- All income must be recorded on the Trust's financial system against the academy to which it relates.
- All cash and cheques will be held securely to safeguard against loss or theft. The amount of money held at any one time will not exceed the amount covered by the academy's insurance policy.
- All monies will be paid into the relevant bank account promptly and in full, using a secure method of transportation.
- The Executive Board does not permit the encashment of personal cheques from income collections or the use of income collections to make payments.
- The Finance Director is responsible for ensuring that monthly reconciliation takes place between the income collected and the sums deposited at the bank. This reconciliation must be fully documented and available for inspection when required.
- The Finance Director is responsible for ensuring an aged Debtor listing is maintained and all reasonable action is taken to recover any debts not settled by the due date.
- In line with the Trust Finance Policy, the Local Academy Board will be informed of debts prior to them being written off. A record of any sums written off will be maintained.

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- Monies from vending and other machines should be emptied at least weekly and the cash counted independently by two people.

## **8 BANKING ARRANGEMENTS**

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- The Trust will operate a single mandate bank account structure with each academy having separate sub-accounts for the main school finances and the school voluntary fund.
- The Operations Manager will ensure on behalf of the Local Academy Board that the operation of the Trust bank account is in-line with the approved finance agreement.
- The Finance Director will ensure that appropriate steps are taken to reduce the risk of bank / cheque fraud occurring.
- The Finance Director will ensure that bank statements are obtained on at least a monthly basis and reconciled against the academy financial system and relevant accounting records.
- Where possible, the person responsible for undertaking the bank reconciliation will not be responsible for the processing of receipts or payments.
- Only manuscript signatures are to be used (i.e. not stamps or facsimile) and cheques should not be pre-signed.
- Chequebooks will be held securely when not in use.
- The Finance Director will maintain a list of all bank and building society account and sub-accounts held by the Trust and a list of authorised signatories for each of these.
- The Finance Director will ensure that the academy's cash flow is regularly monitored to ensure that the account does not become overdrawn.

### **Credit Card Usage**

- Credit cards will be issued on the written approval of the Finance Director and the Financial Controller.
- Each academy may utilise a multiple credit card system for operation of the main fund and Voluntary School Fund. All card applications require the approval of the Finance Director and either the Financial Controller or the Planning & Analysis Manager.
- Finance Shared Services will also maintain a credit card for each academy main sub-account, to enable the prompt payment of suppliers unable to offer credit facilities.
- The Operations Manager and delegates nominated by the Operations Manager of each academy may also operate a credit card for the main academy account. There are specific rules in place controlling the usage of such cards and these can be found at Appendix 1.

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- The authorised users of the card(s) are restricted to an individual spend limit as detailed in appendix 1. Amounts over the designated limit will require a temporary change to the credit card limit by the Financial Controller
  - The issue and control of the card(s) is managed by the Financial Controller and hereafter referred to as the Card Manager. Cardholder(s) have been issued with associated notes of guidance, have signed to acknowledge receipt of the card and acceptance of the conditions of use and signed the card.
  - All credit cards must be held securely when not in use either by the cardholder or within Finance Shared Services and/or the academy in a secure location where there is limited access.
  - Any misuse of the card(s) outside of the conditions of use will result in the immediate withdrawal of the card(s) from the cardholder(s). The Trust Principal will take appropriate action in line with financial regulations.
  - The loss or theft of any card(s) must immediately be reported to Lloyds bank and the card manager as per Appendix 1.
  - If the card(s) are no longer required or the cardholder(s) leave Finance Shared Services or the academy they shall be destroyed in accordance with accepted procedures.
  - Card(s) will not be used for the withdrawal of cash through any ATM or cash back facilities. In exceptional circumstances cash may be withdrawn with prior approval of the Finance Director.
  - Academy credit cards must not be used for personal purchases.
  - The use of academy credit cards for ordering goods and services shall operate in conjunction with the principles of best value.
  - The credit card(s) should not be used until confirmation has been made with the relevant budget holder that there is budget available under the budget heading to cover the cost of the proposed expenditure.
  - A record of expenditure incurred together with supporting vouchers or receipts should be maintained by the cardholder(s), including a valid VAT receipt where relevant. Confirmation of the request to purchase must be retained.
  - Credit card balances will be paid by the Finance Shared Service on receipt of the monthly statement to ensure no fees are incurred.

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## **9 PERSONNEL AND PAYROLL**

- The Local Academy Board has established procedures for the administration of personnel activities, including appointments, terminations and promotions in line with the Trust Pay Policy.
- The Trust Principal will ensure that the duties of authorising appointments, making changes to conditions or terminating the employment of staff are separated from the duties of processing payroll notifications and claims wherever possible.
- The Director of Operations will ensure that all processes in relation to completing, checking and authorising any documents and claims related to appointments, terminations of employment and expenses are carried out by more than one person.
- The Trust Principal will ensure that ESFA approval is sought prior to the agreement of any non-contractual and/or non-statutory staff severance payments with a value exceeding £50,000.
- The Trust Principal will ensure that ESFA approval is sought prior to the agreement of any staff ex-gratia payments.
- Details of staff able to authorise any documents and claims must be forwarded to the academy's payroll bureau, including specimen signatures where required.
- The Director of Operations will ensure that personnel records are kept securely and only authorised personnel have access to them.
- All payments to employees should be made through the payroll system.
- The Director of Operations will ensure that regular payroll checks are carried out on payroll transactions against the academy's documentation on staffing and pay to ensure they match.

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## **10 PETTY CASH**

No Academy will run a petty cash account.

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## **11 VAT AND TAXATION**

The Finance Director will ensure that all staff involved in the financial administration procedures within Finance Shared Services are aware of the current VAT and income tax regulations.

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## 12 SECURITY OF ASSETS, STOCK AND OTHER PROPERTY

- The Head teacher is responsible for ensuring that all assets, stock, cash and other property belonging to the academy is kept in safe custody.
- The Head teacher will ensure that stock levels are maintained in such a way to ensure continuity and availability of materials; maximum efficiency of annual budgets; good condition of stock and efficient use of storage capacity. Independent physical checks should be made of significant stocks no less than annually against stock records.
- The Finance Director will ensure that an inventory is maintained of all portable, desirable, valuable and uniquely identifiable items. This will include details of serial numbers, make and model where applicable. All such items will be security marked as being the property of the academy.
- An annual check of financial assets against items physically held will be undertaken by an independent person and documented. All discrepancies identified on this check will be investigated and reported to the Governing Body.
- Where academy property is loaned to staff or pupils and taken off site it will be recorded in a 'loans of equipment register'. This will include the date of the loan, return and signature of the person borrowing the equipment. Any such loans should be authorised by the Operations Manager.
- If stocks or equipment are surplus, obsolete, damaged, not traceable or stolen, the governing body will authorise the write-off and sale or safe disposal in line with the Trust Finance Policy.
- Safes and secure cupboards/cabinets will be kept locked, the keys removed and held in a secure location.

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## 13 INSURANCE

- The Operations Manager of each academy will ensure that adequate insurance is taken out to cover risks to which their academy is exposed. An annual review of all risks will be conducted by the Operations Manager to ensure that an appropriate level of cover is maintained.
- Each academy should join the ESFA's Risk Protection Arrangement unless there is a clear business case for better value for money via a comparable arrangement.
- The Local Academy Board will review all risks not covered by the insurance on an annual basis and determine whether additional cover should be taken out.
- The Head teacher will ensure that the Local Academy Board is notified of all new risks, additions and alterations which require insurance or affect the academy's existing insurance arrangements.
- No indemnity will be given to any third party without the consent of the Board.
- The Operations Manager will ensure that the Business and Finance Committee is immediately informed of any accident, loss or other incident that may give rise to an insurance claim.
- The Operation Manager, in consultation with the Head teacher will ensure that the insurance cover purchased covers the use of academy property whilst off academy premises.

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## 14 DATA SECURITY

- The Director of Operations is responsible for ensuring the Trust is registered in accordance with the Data Protection Act 2018. The use of any systems to record or process information will comply with this legislation.
- The Operations Manager is responsible for ensuring that academy data is regularly backed up, and that all back-up disks / tapes are securely held in a fireproof location.
- The Operations Manager will ensure that the computer systems used for academy management are password protected and that only authorised staff have access to the systems. Passwords should not be disclosed, should be changed regularly and updated for staff changes.
- The Operations Manager will ensure that adequate protection is in place to safeguard academy systems and data against computer viruses. Only authorised software will be used.
- The Trust Principal will ensure that any student data held in the Trust's central offices is held and managed in compliance with the Data Protection Act 2018.
- The Finance Director will ensure that all finance data held in the Trust's Shared Services office and finance systems is held and managed in compliance with the Data Protection Act 2018. The Finance Director will also ensure that finance data is regularly backed up and that access to finance systems and other data are managed appropriately.
- The Director of Operations will ensure that all HR/Payroll data held in the Trust's Shared Services office and systems is held and managed in compliance with the Data Protection Act 2018. The Director of Operations will also ensure that HR/Payroll data is regularly backed up and that access to systems and other records are managed appropriately.

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## 15 FRAUD

- The Finance Director is responsible for ensuring there are adequate financial controls in place to deter and detect fraudulent activities.
- The Finance Director is responsible for ensuring that Finance Shared Services operate adequate anti-fraud controls in respect of banking and payment systems and procedures.
- The Director of Operations is responsible for ensuring there are adequate operational controls in place to prevent and detect fraudulent payroll activity.
- The Head Teacher and Operations Manager are responsible for ensuring academy staff adhere to fraud prevention finance controls, including purchase requisition, goods receipting and authorisation controls.
- The Head Teacher and Operations Manager are responsible for ensuring there are adequate fraud prevention controls in place and operated over the School Voluntary Fund.
- Any member of staff must report to the Finance Director immediately, if they know or suspect a fraudulent act has been committed.
- The Finance Director must report to the Accounting Officer immediately, if they receive a report or become aware of a known or suspected fraud. If the fraud exceeds £5,000 individually or cumulatively, the Finance Director will also notify the ESFA immediately.
- The Finance Director will notify the Trust Audit Committee and relevant academy Business Committees, via their routine meetings, of any proven frauds.

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## APPENDIX 1. ACADEMY CREDIT CARD POLICY

The Trust banking arrangements allow for credit cards to be issued for academy sub accounts.

The Trust's Finance Shared Services operate a credit card for each academy. This enables Finance to manage the payment process for all 'cardholder not present' transactions, such as internet-based orders, and where suppliers are able to take card payment over the telephone.

Where available, it is always preferable to operate supplier credit accounts, as this is a more secure payment method, and allows us to centrally screen suppliers before entering into commitments, and enables the analysis of spend by supplier.

Academies may request a credit card in the name of their Operations Manager or officer nominated by them if the Academy considers a credit card is needed for 'cardholder present' transactions. The following control requirements will apply to all academy credit cards, and all credit card holders will be required to sign an acceptance certificate agreeing to these requirements. Credit cards will be removed from any academies not following these requirements;

- The Operations Manager or nominated officer will be the named cardholder and must control the use and security of the card at all times. The card or card number must not be given to any other person.
- The Operations Manager or nominated officer must fully comply with the Trust Finance Policy purchasing requirements when using the card, e.g. value for money checks, etc.
- When purchasing items over the internet, only secure web sites should be used.
- Cash must not be withdrawn on the card.
- The cards have the following monthly expenditure limits;

<b>Operations Manager</b>	<b>£500</b>
<b>Nominated Officer</b>	<b>£200</b>

- If purchases are required to be made on the card above these limits for school funds e.g. school trips, please contact the finance department who will temporarily increase the limit.
- Purchases must not be split to avoid adherence to the above limits.
- The card should only be used where;
  - There is no alternative to a cardholder being physically present at the supplier location to complete the transaction.

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- Items are required in short timescales and it is not practical to order via shared services e.g. perishable items such as food. The academy should ensure the purchase of goods and services is planned to avoid this where possible.
  - The card may be used above this limit but not exceeding delegated authorities as defined in section 5 of this policy where;
    - There is no alternative to a cardholder being physically present at the supplier location to complete the transaction and you must obtain 3 quotes if applicable and agree this with the finance shared service prior to the purchase.
    - Out of hours emergencies (before 8am and after 4pm weekdays and all day at weekends) which cannot wait until the next working day. For example to assist with the response to a break-in at the academy
    - In hours emergencies where there is system & telephony failure, or no access to normal communication channels. For example expenses related to an emergency evacuation at the academy.
  - The credit card must not be used as an alternative to planning the timely ordering of routine goods and services
  - Finance Shared Services must be provided with receipts or screenshots of the order for any purchases, by scanning and emailing these to [finance@rhat.org.uk](mailto:finance@rhat.org.uk) Receipts/ screen shots must be provided within 5 working days of the statement date, which will be specific to each academy and communicated to the individual Operations Managers.
  - In the event of loss or theft of the credit card, the cardholder must inform Lloyds bank immediately on the following number: 0800 0964496. The cardholder must then also inform the Financial Controller of the loss or theft, including the following details;
    - Name and Academy
    - Whether the card was lost or stolen
    - Details of the last time the card was used
    - Brief description of the circumstances of the loss or theft

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## **APPENDIX 2. SCHOOL FUND FINANCE POLICY**

### **Introduction**

The Trust's Finance Policy applies to all financial processes and activities operated across academies and other areas including all Academies School Fund activities

### **Scope**

The School Fund comprises a bank sub-account, as part of the overall Trust Bank Account, and associated income and expense accounting for student activities which fall outside of the academy's main statutory purpose, such as end of year trips. It is generally expected that any expenditure incurred within the School Fund Account is matched by income, mainly in the form of parent contributions for school trips, or money generated through student fund raising activities.

### **Financial Planning & Budget Monitoring**

- A cost plan must be in place and reviewed by the School Fund Finance Assistant (or equivalent job role/title) before the individual cost of any trip or other activity is communicated to pupils and parents.
- A mechanism must be in place to ensure there is a robust audit trail of income received and expenditure incurred, which can be interrogated and reported at an appropriate level, e.g. for each individual student, trip or activity.
- Each trip or other activity's final income and expense must be reviewed and reconciled by the School Fund Finance Assistant within one month of the trip or activity taking place. Any shortfall in funding must be reported to the Head teacher and Trust Finance Director, via the Operations Manager.
- The academy must have a policy in place for dealing with surplus funds arising from trips or other activities, and this policy must be communicated to parents and adhered to.
- The Local Academy Board must receive an update on the School Fund Account on at least an annual basis, and this update must include as a minimum: bank sub-account balance; a summary of income received and expenses incurred; a summary of any activities resulting in a loss and how the loss has been managed.

### **Internal Financial Controls**

- The Operations Manager will ensure that there are written descriptions of all the academy School Fund financial processes, and these procedures are kept up to date and all relevant staff trained in their use.

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- The Operations Manager will ensure that appropriate cover is available in the absence of key personnel to ensure that School Fund financial control is maintained.
  - The Operation Manager will ensure that as far as possible the duties of staff relating to School Fund financial administration are distributed so that at least two people are involved in purchasing decisions and handling of cash.
  - The Operations Manager will ensure that proper School Fund accounting records are maintained and held securely.
  - An audit trail of all School Fund financial transactions will be maintained from original documentation to the accounting records, and vice versa.
  - School Fund accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. These records will be retained securely for six years after the end of the relevant financial year. The Operations Manager will determine who is authorised to access the records.
  - The School Fund Bank Account must be reconciled at least monthly. The reconciliation must be signed and dated by the Preparer, signed and dated by the Operations Manager (the Reviewer) and forwarded to Finance Shared Services for independent review.

## **Income**

- All income must be recorded on the School Fund financial system, e.g. database, spreadsheet, etc.
- All School Fund cash and cheques must be logged and held securely to safeguard against loss or theft. The amount of money held at any one time must not exceed the amount covered by the academy's insurance policy.
- Any School Fund cheques rejected upon presentation to the bank must be logged and action taken to ensure either payment is received via another method, or the income is removed from the School Fund account.
- All outstanding income must be followed up promptly.
- All School Fund monies will be paid into the relevant bank sub-account promptly and in full, using a secure method of transportation.
- There must not be any encashment of personal cheques from School Fund income collections or the use of School Fund income collections to make payments.

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## Purchasing

- Before any School Fund expenditure is incurred, the person responsible for placing the commitment will give consideration to price, quality and fitness for purpose.
- Checks will be carried out to verify any new supplier is genuine and represent a low risk to the School Fund Account.
- All intended purchases with an estimated value of £5,000 or more must be awarded by obtaining 3 quotations.
- The School Fund Finance Assistant will ensure that payments are only made to a supplier once the goods or services have been received and checked and confirmed as being satisfactory, and on receipt of a proper invoice which has been received, checked, coded and approved for payment. For payments that must be made in advance of the goods or services being received, such as theatre tickets, checks must be carried out to verify the supplier is bona fide before any payment is made.
- Cash or cheque payments must not be used unless there is no viable alternative available. If cash is considered the only option for certain purchases and payments the Trust Finance Director's prior written approval must be obtained.
- Stock records must be maintained for any items purchased for sale at a later date, e.g. school uniform.

## Payments

- The School Fund Finance Assistant will be the named academy credit card holder and must control the use and security of the card and pin at all times. The card or card number must not be given to any other person. Finance Shared Services will also operate a credit card for each academy for items the academy cannot directly fulfil.
- The monthly credit card limit for the school fund sub-account is as follows;

<b>Operations Manager</b>	<b>£500</b>
<b>Nominated Officer</b>	<b>£200</b>
- On written request to the Financial Controller, these limits can be increased on a temporary basis to accommodate large payments e.g. school trips.
- All bank transfer payments (e.g. Faster Payments) must be authorised by the School Fund Finance Assistant and the Operations Manager.
- Cash must not be withdrawn on the School Fund credit card or from the bank account without the prior written approval of the Trust Finance Director.