



# Finance Policy

Contents	Page
1. Introduction	3
2. Structure of Financial Management & Governance Arrangements	5
3. Financial Planning & Budget Monitoring	9
4. Internal Financial Controls & Management of Financial Risk	10
5. Procurement, Purchasing & Payments	12
6. Income Charging & Remissions	13
7. Banking & Investments	15
8. Borrowing & Reserves	16
9. Gifts, Hospitality & Other Benefits in Kind	17
10. Human resources, Workplace Pensions and Payroll	17
11. Petty Cash & Floats	19
12. VAT & Other Taxation	19
13. Asset and Other Property	20
14. Insurance	21
15. Data security	21
16. School Fund	22
17. Funds Held As Custodian	22
18. Suspected Fraud, Theft, or Financial Irregularities	22
Appendix 1	23
Version Control	26

## 1. INTRODUCTION

1.1 The Trustee's (Board of Trustees) of 'The Two Counties Trust' a Multi Academy Trust ('Trust' or 'MAT') takes its financial responsibilities seriously and has formulated this policy in order to develop and maintain the very highest standards of financial management and governance across the Trust.

1.2 In particular the Trustee's will ensure that:

- Internal systems of financial control, processes and procedures used comply with the MAT's Funding Agreement, Academies Accounts Direction, Academies Financial Handbook, Charities Statement of Recommended Practice, Company Law and other statutory and regulatory requirements.
- Financial responsibilities of the Trustee's, its working groups, the CEO and staff are clearly defined and limits of delegated authority established.
- Sound financial planning takes place to secure the short, medium and long term financial health of the MAT.
- Spending plans reflect the priorities set out in the Trust Strategic Plan.
- Resources are efficiently and effectively deployed and that waste and extravagance is avoided.
- Financial records are reliable and accurate.
- No Member, Trustee, employee or related party has benefited personally from the use of MAT funds;
- The purchase of works, goods and services represent excellent value for money.
- Bank accounts are properly operated and controlled and bank balances regularly reconciled with accounting records.
- VAT and other applicable tax treatments are properly applied.
- Stock, stores and other assets are properly recorded and adequately safeguarded against loss or theft.
- The Trust is adequately insured against exposure to risks.
- Staff have the experience, qualifications and skills available to discharge their financial responsibilities
- Where necessary the Trust will seek specialist financial, pension and tax advice and support.

1.3 Each individual Academy will comply with the Trusts Finance Policy and each Local Governing Body recognise the need for good financial control over the Academies'

resources and has formulated this policy in order to achieve the standards of financial management as outlined in Ofsted guidelines and the EFA directive and also under each Academy 'Terms of Reference'.

The key standards to be achieved:

- The financial responsibilities of the Local Governing Bodies, its committees, the Head Teacher and staff should be clearly defined and limits of delegated authority established.
- The budget should reflect each Academy prioritised educational objectives as set out in the *Academy Strategic Plan*; seek to achieve value for money and be subject to regular, effective monitoring.
- The Academy should follow Trust internal financial controls and guidance to ensure the reliability and accuracy of its financial transactions.
- The Trust & Academy should ensure that purchasing arrangements achieve the principles of best value.
- All income due to the Academies should be identified and collected. All collections should be receipted, recorded and banked promptly.
- The Trust should properly control the operation of bank accounts and reconcile bank balances with the accounting records.
- There should be efficient procedures in place for the administration of personnel matters, including payroll.
- The Academies should control the use of petty cash.
- The Academies should properly account for the 'School Fund' and ensure collections are appropriate and complete.
- The Trust and Academies should ensure that it complies with VAT and other applicable tax regulations.
- Stocks, stores and other assets should be recorded and adequately safeguarded against loss or theft.
- The Trust and Academies should be adequately insured against exposure to risks.
- The Governing Body and Head Teacher of each Academy should be satisfied that they are meeting the requirements of the 1998 Data Protection Act and any subsequent regulations and amendments.
- Academy voluntary funds should be administered as rigorously as public funds.

## **2. STRUCTURE OF FINANCIAL MANAGEMENT & GOVERNANCE ARRANGEMENTS**

### **2.1 Introduction**

Following an application the founding member Academies of 'The Two Counties Trust' the Secretary of State for Education granted approval back in April 2016 for the Academies to combine and become a Multi Academy Trust.

All Academies which join together and converted to Academies under the above Act are run by a Multi Academy Trust and formed as a company limited by guarantee called 'The Two Counties Trust'.

Like any other company, Trusts are registered with Companies House.

The Two Counties Trust is also an exempt charity which means that is not registered with the Charity Commission but must abide by charitable law.

The Two Counties Trust was formed on 1<sup>st</sup> April 2016 and the 'Articles of Association' are its primary governing documents. The 'Articles' are effectively the rules that govern the running of the company.

The Articles set out the 'objects' (or purpose) of the company.

All Multi Academy Trusts have at least one 'object' which is:

- To advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing an Academy(s) which shall offer a broad and balanced curriculum.

The Multi Academy Trust must use its resources exclusively in pursuance of these 'objects'.

The Multi Academy Trust opened for business on the 1st April 2016 replacing The Ashfield School company name and combining with both Selston High School and Swanwick Hall to form 'The Two Counties Trust'. On 1<sup>st</sup> September 2016 Manor Academy joined, with Heritage High School Joining on 1<sup>st</sup> April 2017 and Frederick Gent on 1<sup>st</sup> November 2017.

Additional Academies will join the membership from time to time as the multi Academy Trust develops.

Ultimate responsibility and accountability for the financing of Multi Academy Trust, (hereafter referred to as the 'MAT'), is retained by the Department for Education (DfE). The DfE is also the principal regulator under the requirements of the Charities Act 2006. The MAT's 'Funding Agreement' and the 'Academies Financial Handbook' describe the financial framework that the Multi Academy Trust has to work within as well as the freedoms that each of the Academies has over its day to day business affairs. Ultimately the MAT is accountable to Parliament and the tax paying public.

The 'The Two Counties Trust' (hereafter referred to as the 'TTCT') is a Company incorporated in England, limited by guarantee with registered Company number 7685991. The MAT is made up of both Members and Trustees.

### 2.2.1 Who are the Members?

- Members are signatories to the Memorandum of Association.
- Members are the equivalent of shareholders in a company limited by shares. They are the 'guarantors' of the company and promise to pay £10 towards the debts of the company in the event that The Two Counties Trust is wound up.
- Members have limited but important powers under the Articles. They have a constitutional role in the running of the MAT, in the sense that they are the 'guardians' of the constitution.
- These powers include the right to wind up the MAT, amend the Articles, change the name of the company, appoint other Members and appoint and remove Trustees to the Board under Article 16 of the Articles of Association.
- Members are entitled to call and vote at the Annual General Meeting.

Members are responsible for the following:

- Thoroughly investigating suspected fraud, theft or financial/other significant irregularities without delay and report cases with a value greater than £5,000 to the Secretary of State for Education.
- Agreeing changes to the Governance Framework and Scheme of Delegation arrangements.
- Agreeing changes to the Funding Agreement and Articles of Association (subject to Secretary of State Approval).

### 2.2.2 Who are the Trustees?

- In all MAT's, the individuals appointed to make strategic decisions about the running of the company:
- They are Directors/Trustees - because the MAT is a company;
- They are Directors/Trustees - because the MAT is a charity; and,
- They are **Not** Governors - because the Local Governing body is responsible for running the Academy under the 'Terms of Reference' for each Academy.
- The 'Directors/Trustees' (hereafter referred to as the 'Trustees').

### 2.2.3 The Board of Trustees.

All Trustees can attend and vote at board meetings. The 'Board' is responsible for determining the strategic direction of the MAT, setting MAT policy, allocating resources and holding the senior leaders and managers within the MAT to account. Trustees are made up of a diverse range of skilled individuals and combine to form the Board of Trustees ('Board'), sometimes also referred to as the Board of Trustees or Governing Body.

The Board meet at least termly and is responsible for the following financial related decisions:

- Appointing suitably qualified accountants to audit and prepare the Annual Trustees Report and Financial Statements (also known as the Audited Company Accounts) of the MAT.
- Determining the MAT's audit arrangements and agree an annual programme of financial governance and compliance checks and consider any associated recommendations and address any areas of concern.
- Agreeing the Annual Trustees Report and Financial Statements (also known as the Audited Company Accounts) in accordance with the Statement of Recommended Practice as if The Two Counties Trust was a non-exempt charity.

- Agreeing the Annual Budget Plan.
- Entering into works & service contracts with a value of greater than £50,000.
- Authorising special payments relating to staff severance and compensation and other ex gratia payments, extra-statutory or extra-contractual payments greater than £50,000 (subject to Secretary of State approval).

#### **2.2.4 MAT Risk and Audit Committee**

The Group is responsible for ensuring that the MAT Risk and Audit Management processes are fit for purpose under the 'Risk Management Strategy'. It takes the risks output under the policy presented from each LGB and evaluates this into a whole Trust document for evaluation and rectification of findings. (See 'Risk Management Strategy' for full details).

The MAT financial year runs from 1st September to 31st August, each year.

The MAT terms of reference with each Academy sets out the roles, responsibilities and requirements relating to the MAT's governance and management. The purpose of the document is to be clear about who is responsible for what within the MAT.

#### **2.2.5 Academies**

The Chief Executive Officer and Chief Financial Officer control the overall aims of the Multi Academy Trust and have delegated powers from the Trust Board to ensure the delivery of the Trust board's aims and objectives.

The Senior Leadership Team (SLT) within the Academies control the Academies at a senior level implementing the policies and plans laid down by the Trustees and reporting back to the Local Governing Bodies.

SLT is also responsible for the day to day management of the Academy, in particular ensuring that the Academy remains fit for purpose, safe and effective.

The Academies must work in line with the agreed delegated authorities within the Trust and agreed by the Trust Board.

#### **2.2.6 The Local Governing Body**

The Local Governing Body (hereafter called 'LGB') is responsible for determining the direction of the Academy, setting local policy, budgets for approval by the Trust board and allocating resources and holding the senior leaders and managers within the Academy to account.

The group meets at least termly and is responsible for the following financial related decisions:

- Determining financial governance and compliance checks and consider any associated recommendations and address any areas of concern.
- Ensuring that VAT, income tax and other business taxation demands made by Her Majesty's Revenue and Customs are properly declared and complied with and reported to the Chief Financial Officer (CFO) for consolidation.
- Ensuring that financial systems, accounting records, financial statements and procedures used by the Academy comply with the Funding Agreement, Academies Financial Handbook and Trust Finance and Competitive Tendering policies.
- The Group is responsible for the effective planning, administration and management of the Academies finances and business resources.

- Preparing the Annual Budget Plan for approval by the MAT Trust Board and agreeing latest forecasts, changes to the budget as required to reflect additional funds secured, revise assumptions made at the time the budget was set and to respond to the changing resourcing needs of particular areas of the business and informing MAT Trustee's appropriately.
- Identifying and planning for the Academies anticipated resourcing requirements over the medium term.
- To consider recommendations from the Head for salary progression and performance related pay of all staff as part of the annual Performance Management Review (PMR) process.

## **2.3 Key Roles & Responsibilities for Designated Staff**

### **2.3.1 Accounting Officer**

The Accounting Officer is a senior executive of the MAT who has been designated as accountable for propriety, regularity and value for money. An Accounting Officer's statement on governance, regularity, propriety and compliance must be included in the MAT's Annual Trustee's Report. This is a formal declaration by the Accounting Officer that they have met their personal responsibilities to Parliament for the resources under their control during the year. It includes a responsibility to ensure that public money is spent for the purposes intended by Parliament (regularity) and a responsibility to ensure that appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety), a responsibility to ensure good value for money and for the efficient and effective use of all the resources in their charge.

The Accounting Officer also has a responsibility to advise the Board and the Education Funding Agency of any instances of irregularity or impropriety, or non-compliance with the terms of the funding agreement.

The format of the statement is included within the Education Funding Agency's Annual Accounts Direction.

The CEO is the Accounting Officer for the MAT.

### **2.3.2 Chief Financial Officer**

The academy trust must have a chief financial officer (CFO), appointed by the trust's board, who is the trust's finance director, business manager or equivalent, to lead on financial matters. The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The Chief Finance Officer plays both a technical and leadership role in the MAT.

Key responsibilities for the Chief Financial Officer include:

- the preparation of the Annual Accounts;
- the preparation and monitoring of the budget;
- technical advice;
- appointment of and liaison with accountants, auditors and other specialist & technical services as is necessary to fulfil the MAT's statutory and regulatory commitments.



The trust's finance staff must be appropriately qualified and/or experienced. Trusts should assess whether the CFO, and others in the trust holding key financial posts, should have a business or accountancy qualification dependent on the risk, scale and complexity of financial operations. Whilst a formal accountancy qualification may often serve as a proxy for the necessary skills, experience and personal qualities required for this role, there is no presumption that there will always be a perfect match. ESFA recognises that many CFOs combine their specific financial responsibilities with a range of other support and leadership responsibilities in which the existence of a formal accountancy qualification may be less relevant.

### **3. FINANCIAL PLANNING AND BUDGET MONITORING**

3.1 The MAT Strategic Plan is the primary planning document for the MAT and this forms the basis for constructing budget plans. The MAT Strategic Plan specify the areas of priority with regards to spending over the next 5 academic years and shows how the use of resources is linked to the achievement of the MAT's strategic goals.

3.2 The Chief Financial Officer will prepare an Annual Budget Plan for consideration and approval by the Trust Board from the individual Academies budgets reviewing these and making recommendations to the Head and LGB's before presentation to the Trust Board.

3.3 The Trust Board should ensure that the main elements of the budget are subject to a periodic review to ensure that the MAT works within the principles of Best Value and those historic spending patterns are not repeated without challenge.

3.4 The MAT operates a system of budget profiling and cash flow forecasting to take account of likely spending patterns and the Chief Financial Officer will ensure that this is made available to meetings of the Local Governing Bodies within the timetable of financial reporting and management.

3.5 The Trust Finance Manager will provide a consistent set of report on expenditure and income, including items committed but not yet paid, and reconciled against Academies records, for distribution at each meeting of the Local Governing Bodies.

3.6 The CFO will review and make recommendations on the Annual Budget Plan and where necessary propose business recovery plans.

3.6 The Academies Business Manager or Equivalent will alert the Local Governing Bodies to any subsequent material changes to the Annual Budget Plan.

3.7 Academies Business Manager or Equivalent is authorised by the Local Governing Body to appoint budget managers to co-ordinate specified areas of spend as appropriate within the Academies.

3.8 The Academies Business Manager or Equivalent will provide budget managers access to regular reports on spending against allocated budgets and these will be reviewed with the Academies Business Manager or Equivalent periodically or as deemed appropriate.

3.9 The Academies Business Manager or Equivalent will ensure that the Local Governing Body is made aware of all budget virements at the level specified and in accordance with agreed levels of delegation.

3.10 The Senior Leadership Team and the Local Governing Body will assess the progress made against the stated objectives in the Academies & MAT Strategic Plan.

3.11 The Chief Financial Officer will periodically consult the Trust Board, the Local Governing Bodies and budget managers to ensure that the financial and management information issued is relevant, timely, reliable and understandable.

3.12 The Chief Financial Officer will report any proposal for policy changes which significantly affect the budgeted expenditure or income at the next available meeting of the Academies Business Manager or Equivalents.

## **4 INTERNAL FINANCIAL CONTROLS & MANAGEMENT OF FINANCIAL RISK**

4.1 The MAT's Risk Management Strategy takes a planned and systematic approach to the identification, evaluation and control of all those financial risks that the MAT faces.

4.2 The aims of risk management are to:

- Contribute to attainment of the MAT's vision
- Protect service delivery and its quality
- Protect the reputation and image of the MAT
- Secure the MAT's assets
- Secure the earning capacity and funding of the MAT
- Secure the well-being of employees, pupils, visitors and other users of services
- Ensure the integrity and resilience of Academy information systems
- Ensure probity and sound ethical conduct
- Avoid criminal prosecution or civil litigation
- Avoid financial loss through fraud or corruption

4.3 The Local Governing Body should arrange that risks are assessed periodically to ensure that the strategic actions and processes identified within the MAT's Risk Management Strategy are fully implemented operationally.

4.4 A 'Strategic Risk Register' is maintained by The Trust Risk & Audit Committee which identifies all the key risks faced by the Academy. Judgements are made to the register, as required. Each strategic risk has been risk assessed using the methodology prescribed within the strategy.

4.5 The Local Governing Body oversees production of 'Risk Reduction Action Plans' for each risk that is considered too high. Each action plan identifies additional control measures designed to eliminate the risk or reduce it to an acceptable level together with timescales and the people responsible for implementing the agreed actions on the ground.

4.6 The 'Strategic Risk Register' together with 'Risk Reduction Action Plans' are reported to the Trust Board and the Trust Audit Committee will feed back to the Local Governing Bodies.

4.7 The School Business Manager or Equivalent will ensure that appropriate cover is available in the absence of key staff to ensure that effective financial control is maintained.

4.8 The CFO will ensure that there is an effective separation of duties relating to financial administration so that at least two people are involved in the process. The work of one person should act as a check on the work of the other. All checks should be fully documented.

- 4.9 The Chief Financial Officer together with the School Business Manager or Equivalent will ensure that proper accounting records are maintained and held securely. Financial accounts will be retained for a period of 6 years plus the current financial year.
- 4.10 An audit trail of all financial transactions will be maintained from original documentation to the accounting records, and vice versa.
- 4.11 The Chief Financial Officer will be responsible for ensuring that all statutory returns to the Education Skills Funding Agency, Charity Commission and Companies House, Her Majesties Revenue and Customs, The Pensions Regulator, Teachers Pension Scheme, and Local Government Pension Scheme, are submitted by the statutory deadlines.
- 4.12 Creditor Payments made by cheque can only be made using official MAT cheques usually in the Academies trading name.
- 4.13 Cheques must be obtained from the bank on controlled stationary, marked account payee only and stored securely.
- 4.14 Cancelled or spoilt cheques must be retained and suitably defaced to prevent re-use.
- 4.15 All cheques must have their cheque numbers entered into the Financial Management System on issue.
- 4.16 Cheques that remain un-presented for longer than 6 months from the date of issue will be cancelled.
- 4.17 Alterations to financial documents will be made clearly in permanent ink, initialled and dated. The use of correction fluids or erasure of information is not permitted.
- 4.18 Accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. The Chief Financial Officer together with the School Business Managers will determine who is authorised to access the records.
- 4.19 The School Business Manager or Equivalent will ensure that expenditure from ring fenced sources of funding are used for their intended purposes and are identifiable within the MAT accounts and supporting records.
- 4.20 All Members, Trustees and staff must complete a Register of Business Interests at least annually.
- 4.21 From time to time the MAT & Academies may find it needs to perform transactions which are outside the usual planned range of activities:
- Write-offs of unrecoverable debts or over payments
  - recognising losses of stocks or other assets;
  - Special payments (transactions outside the usual planned range);
  - taking on liabilities by issuing specific guarantees, or providing a letter of comfort; or providing indemnities
- 4.22 The MAT & Academies will pursue recovery of debts and overpayments, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled.

4.23 The MAT & Academies will only consider writing off losses after careful appraisal of the facts (including whether all reasonable action has been taken to effect recovery), and should be satisfied that there is no feasible alternative.

4.24 The School Business Manager or Equivalent has delegated authority to write-off individual losses, debts and overpayments to the value of £1,000. A record of any sums written off will be maintained by the School Business Manager or Equivalent. Losses, debts or overpayments valued above £1,000 will be referred to the Local Governing Bodies for write-off approval.

4.25 Before accepting any liability, the School Business Manager or Equivalent will appraise the proposal by performing an assessment of the costs and benefits of relevant options using an appropriate method, in order to secure value for money.

4.26 The Chief Financial Officer will seek the explicit and prior approval of the Education Funding Agency where the aggregate transactions listed in 4.21 exceed the limits set in the Academies Financial Handbook.

## 5 PROCUREMENT, PURCHASING & PAYMENTS

5.1 **Procurement** - The purchase of all works, goods and services must be made through the Business Finance Office and in accordance with the Competitive Tendering Policy.

5.2 Before official orders are placed, the person responsible for placing the order will ensure that the MAT is obtaining value for money. Consideration will be given to price, quality and fitness for purpose.

5.3 The financial limits of delegated authority as approved by the Trust Board for entering into commitments and ordering goods and services are shown at Appendix 1.

5.4 All orders must be signed by approved signatories managed electronically via the chosen financial software (Sage). The signatory should be satisfied that the goods or services ordered are appropriate and necessary, that there is adequate budgetary provision and that the MAT's quotation / tendering procedures have been followed.

5.5 All intended purchases must follow the Competitive Tendering Policies.

5.6 The Local Governing Bodies will be informed of all instances where a quotation greater than £5,000 has been accepted that is not the lowest or most financially advantageous. This will be recorded in the minutes of the meeting.

5.7 **Purchase Orders** - Official, pre-numbered orders must be raised for all works, goods and services without the exception. Services covered by an existing service level agreement or contract, utilities, rents, rates etc. should have a 'Blanket Purchase Order'. Debit Card and petty cash payments will not require a PO due to the nature of the expenditure and as such these should always be less than £100 on each transaction.

5.8 A blanket order should show a commitment i.e. utility costs for the budget year covered with a 'Blanket Order' with a line for each month with estimated costs. This assist with identifying budget commitment and for Month GRNI accruals.

5.9 Where urgency requires a telephone or internet order, this should be subject to the procedures outlined above and an official order raised as confirmation to commit the

expenditure. The best management tool for this is to identify those types of costs a set aside an amount under a blanket order duly authorised.

5.10 Where orders are sent by fax, both sides must be faxed to the supplier as the standard MAT conditions of order are printed on the reverse of the order form.

5.11 When an order is placed, the value should be committed against the appropriate cost centre on the MAT's Financial Management System so that it is included in budget monitoring reports.

5.12 Official orders will only be used for works, goods and services provided to the MAT. Individuals are not permitted to use official orders to obtain works, goods or services for their private use.

5.13 **Goods Received Notes** - Budget Managers must ensure that goods and services are checked on receipt to ensure that they match the order. The person responsible for checking the works, goods or services must not be the person who orders the goods and processes the invoice without the written permission of the School Business Manager or Equivalent. The checking procedure should be recorded on the order / delivery note and passed to the person responsible for processing invoices.

5.14 **GRNI** – Good Received Notes awaiting Invoice will assist in raising accruals and therefore this is an important function of the process.

5.15 The School Business Manager or Equivalent will ensure that payments are only made to a supplier once the works, 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 certified for payment by the Budget Manager.

5.16 **Delegated Authority** - The limits of delegated authority as approved by the Trust Board for authorising invoices for payment are shown at Appendix 1.

5.17 **Authorisation** - The authorisation of an invoice should not be performed by a person if they have also authorised the order and checked the receipt of works, goods or services.

5.18 **Payments** - All cheques raised require two signatures, one of these being the Accounting Officer and/or the School Business Manager or Equivalent for cheques in excess of £5,000. The financial limits of delegated authority as approved by the Trust Board for signing cheques are shown at Appendix 1.

5.19 Payment by BACS, CHAPS or other electronic methods will require authorisation by the School Business Manager or Equivalent and one other approved member of the Business Finance Team and within Delegated authority and Banking mandates.

## **6 INCOME, CHARGING & REMISSIONS**

6.1 The MAT must operate within the law and not charge for those academy activities for which, legally, no charge may be made. Pupils must not be excluded from any activity that is part of the syllabus of a prescribed public examination, fulfils the statutory duties of the national curriculum or religious education because they have not made a contribution to the cost.

6.2 No charge will be made for a pupil's entry to any prescribed public examinations (including re-sits) for which the pupil has been prepared at the academy, whether during or outside Academy hours. Parents or pupils will not be required to provide or pay for any books, materials, instruments or other equipment (excluding clothing) necessary for the purposes of the examination entry.

6.3 Examination entry fees can be recovered from parents where a pupil has, with parental agreement, been entered for a public examination other than one which has been prescribed by regulations or where a pupil fails without good reason to complete the requirements for the examination for which the academy is liable. Failure to complete the examination requirements may include failure to complete coursework or failure to sit final examinations. It is a matter for the CEO to determine what constitutes a good reason in this respect. Examination fees payable by parents may be remitted if the CEO is satisfied that the cause of a pupil's failure to complete the examination was reasonable.

6.4 No charge will be made for class music tuition during Academy hours. Music tuition, whether group or individual, forming part of the syllabus for a prescribed public examination or required by the National Curriculum will also be free, whether it is provided during or outside Academy hours. No charge will be made to pupils for group musical activities, e.g. Academy orchestras, which take place during Academy hours.

6.5 The Local Governing Body reserves the right to seek reparation from parents where their children cause breakages or damage to Academy property.

6.6 Remission arrangements for a particular activity or pupil will be entirely at the discretion of the Local Governing Body. Such decisions will be delegated to the Head Teacher or a nominated representative(s). Any subsidy provided by the Local Governing Body will be met from the un-ring fenced funds at its disposal.

6.7 The restrictions on charging for Academy activities will not in any way prohibit the Academy from inviting voluntary contributions from parents for the benefit of the Academy or towards any Academy activity.

6.8 Any such contributions must, however, be genuinely voluntary so it must therefore be made clear to parents if contributions are requested that there is no obligation to contribute and that pupils will not be treated differently according to whether or not their parents have contributed.

6.9 If the activity cannot take place without voluntary contributions, this should be made clear to parents. An initial letter to parents in those circumstances should explain the nature of the proposed activity, its educational value and the cost to each pupil.

6.10 There are other activities that the MAT will normally set fees and levy charges for at full cost, but it may include an additional rate of return, when in a commercial trading environment. The level of individual fees and charges to be will be determined by the School Business Manager or Equivalent. This will be accounted for through the Trading Company for the trust.

6.11 All lettings will be authorised by the School Business Manager or Equivalent or a nominated representative(s) in accordance with the Academy booking policy. Proper records should be kept of all lettings and the income due from these.

6.12 The CFO School Business Manager or Equivalent is responsible for ensuring a clear separation of duties for the collection and banking of monies due to the MAT.

6.13 Invoices will be issued promptly following the delivery of the service. This period of time will not exceed 30 days. Wherever possible, income should be collected in advance of the letting or service taking place.

6.14 Official, pre-numbered receipts will be issued for all income collected from external sources. These will be traceable to the record of the banking.

6.15 All receipts and other official records of income will be securely retained.

6.16 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 Academies insurance policy, cash limits of safes or agreed sundry levels.

6.17 Unless explicit and prior agreement has been obtained from the School Business Manager or Equivalent, all collection of cash monies must be made through the finance office.

6.18 All monies will be paid into the relevant bank account and in full. Where an Academy closure period exceeds 24 hours, all significant income should be banked prior to this.

6.19 The Trust Board does not permit the encashment of personal cheques from income collections or the use of income collections to make payments.

6.20 The School Business Manager or Equivalent is responsible for ensuring that monthly reconciliation takes place between the income collected and the sums deposited at the bank. This reconciliation should be fully documented and available for inspection when required.

6.21 The School Business Manager or Equivalent will ensure that any transfers of money between staff are recorded and signed for.

6.22 Monies from vending and other cash collection machines must be emptied and the cash counted, reconciled and signed for by two people.

## **7 BANKING & INVESTMENTS**

7.1 The CFO will maintain all bank and building society accounts held by the Trust, a copy of all associated bank mandates and a list of authorised signatories for each account.

7.2 The CFO will review every 3 years or sooner if there is a specific concern or material breach of contract, its banking and investment arrangements to ensure it is able to obtain the best market rates.

7.3 The School Business Manager or Equivalent will ensure that bank statements are obtained on at least a monthly basis, are reconciled against the Academy financial management system and relevant accounting records and that monthly bank reconciliation reports are certified and countersigned as evidence that the checks have taken place.

7.4 Where possible, the person responsible for undertaking the bank reconciliation will not be responsible for the processing of receipts or payments.

7.5 Supporting documentation will be made available to cheque signatories to safeguard against inappropriate expenditure.

7.6 Only manuscript signatures are to be used (i.e. not stamps or facsimile).

7.7 Cheques should not be pre-signed.

7.8 The CFO is responsible for the management and operation of business charge cards on the MAT bank accounts. Debit cards are not to be used.

7.9 The charge cards will be issued to the school on the approval from the CFO.

7.10 Individual card limits must not exceed £10,000.

7.11 Cash withdrawals using the business charge/Purchase cards are not permitted unless in emergency situations with the prior permission of the School Business Manager or Equivalent.

7.12 All expenditure incurred on the charge/Purchase cards must be paid in full each month and charge card statements reconciled into the Academies Financial Management System on a monthly basis by someone other than the named card holders.

7.13 The CFO will nominate a named person who isn't a card holder to act as Card Manager who will ensure that they check and authorise reconciliation sheets.

7.14 Chequebooks & charge cards will be held securely in the Business Finance office when not in use.

7.15 The School Business Manager or Equivalent will ensure that the Academies cash flow is regularly monitored to ensure that the account does not become overdrawn.

7.16 The School Business Manager or Equivalent is to keep these investments continually under review and re-invest once they have matured so as to achieve the best possible return for the MAT balanced against maintaining adequate cash flow.

## **8 BORROWING & RESERVES**

8.1 The Trust Board will seek the Secretary of State's approval for both short-term borrowing (including overdraft facilities) and medium/longer term loans (including finance leases), where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies.

8.2 The Trust Board recognises the Secretary of State's general position that permission will not be granted for commercial borrowing at interest rates higher than those normally available in respect of central government borrowing.

8.3 The Trust Board will review the required level of contingencies and reserves annually as part of the annual budget planning process to cover against the following financial related risks:

- Any unanticipated expenditure
- Any unexpected down turn in income
- Any significant losses or write offs due to bad debts
- Any unexpected price increases for goods & services due to market volatility



## **9 GIFTS, HOSPITALITY & OTHER BENEFITS IN KIND**

9.1 The acceptance of gifts, hospitality, awards, prizes or any other benefit might be seen to compromise the personal judgment or integrity of Members, Trustees, MAT, and Academy staff.

9.2 Staff must not use card awards such as club card points for their own personal use.

9.3 Those acting in an official capacity should not give the impression to any member of the public, third parties or their colleagues that they have been (or may have been) influenced by a gift, reward or benefit from any organisation or individual with whom they have contact in the course of their work as an inducement either for doing something or not doing something in their official capacity.

9.4 Particular care should be taken about any gift from an individual or organisation which has, or is hoping to enter into a contract with the MAT or its Academies.

9.5 Gifts of a trivial or inexpensive nature may be accepted, but more substantial or expensive offerings should be declined.

9.6 The School Business Manager or Equivalent will prepare and maintain a Gifts & Hospitality Register where such benefits should be recorded detailing, for each and every occasion, the nature of the benefit received, the name of the donor, the name of the recipient and the date the benefit was received.

9.7 Likewise those giving gifts on behalf of the MAT or its Academies must ensure that the decision is fully documented in the register and has regard to the propriety and regularity of the use of public funds.

9.8 The register will provide examples of what should and shouldn't be accepted to members, governors, MAT and Academy staff.

9.9 The School Business Manager or Equivalent & Chief Financial Officer will periodically review the register to ensure that gifts or hospitality given or received is not excessive, illegal or compromises the MAT's reputation.

## **10 HUMAN RESOURCES, WORKPLACE PENSIONS AND PAYROLL**

10.1 The Trust Board has established procedures for the administration of HR activities, including appointments, pensions, payroll, terminations and changes to contracts of employment.

10.2 The Human Resources Staff 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.

10.3 The Human Resources Staff will ensure that all processes in relation to completing, checking and authorising any documents and claims related to appointments, pensions, terminations of employment and expenses are carried out by more than one person.

10.4 Details of staff able to authorise any documents and claims should be forwarded to the MAT's payroll Services, including specimen signatures where required.

10.5 The Human Resources Staff will ensure that personnel records are kept securely and only authorised personnel have access to them.

10.6 All salary or wages payments made to individuals should be made through the payroll system except where an employment self-assessment questionnaire has been completed and the School Business Manager or Equivalent is satisfied from reading the guidance that the contract is one of self-employment.

10.7 The Accounting Officer will maintain a list of all staff employed at the MAT and its Academies. This will be updated on as required to reflect new starters and leavers.

10.8 The Chief Financial Officer & Payroll Services Manager will ensure that monthly payroll checks are carried out on payroll transactions against the MAT's and its Academies documentation on staffing and pay to ensure they match.

10.9 Under the Education (Governors' Allowances) Regulations 2003 certain allowances are payable to Trustees providing the allowances are incurred in carrying out their duties, as a Trustee or representative of the MAT.

10.10 The Trust Board believes that paying Trustees' allowances is important in ensuring equality of opportunity to serve as Trustees for all members of the community and so is an appropriate use of MAT funds.

10.11 The Chief Financial Officer will sanction Trustee claims before any reimbursable costs are incurred.

10.12 Trustees will be able to claim for the following, on a case-by-case basis:

- The cost of travel relating only to travel to meetings/training courses at a rate which does not exceed the specified mileage rate for MAT staff;
- Telephone charges, photocopying, stationery, postage etc.;
- Travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the LA or any other source;
- Any other justifiable allowances.
- Trustees will not be paid attendance allowances;
- Trustees will not be reimbursed for loss of earnings.

10.13 Claims will be subject to independent audit and may be investigated by the Chair of the Board of Trustees (or the Vice Chair in respect of any issues involving the Chair) if they appear excessive or inconsistent.

10.14 Special staff severance payments are paid to employees outside normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract.

10.15 The Accounting Officer/Trust Head of HR and CFO in consultation with the Chair of the Board is authorised to make staff severance payments provided that:

- Such a payment is justified, based on a legal assessment of the chances of the MAT successfully defending the case at an employment tribunal. If the legal assessment suggests a

better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.

- If the settlement is justified, the Accounting Officer would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

- Special staff severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

10.16 Where the MAT is considering making a special staff severance payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the Education Funding Agency, before any such payment can be made.

## **11 PETTY CASH & CASH FLOATS**

11.1 A petty cash account will be held securely and only staff authorised by the Business Manager or Equivalent will have access to it.

11.2 Payments from the petty cash account will be operated on the imprest principle, reimbursed to the predetermined limit on a monthly basis in line with the expenditure incurred during the previous month.

11.3 Payments from the petty cash account will be limited to minor items of expenditure. These will be supported by receipted invoices or vouchers, identifying any VAT paid, which must be separately accounted for.

11.4 Proper records will be kept of all reimbursements paid into and expenditure paid out of the petty cash account.

11.5 Personal cheques must not be cashed from the petty cash account.

11.6 Petty cash accounts will be reconciled to the bank account on a regular basis (at least monthly).

11.7 Reconciliations on the petty cash account will be subject to review by an independent person.

11.8 Cash floats can only be issued by the finance office on the approval of the School Business Manager or Equivalent. A nominated person must sign for the float on issue and its return. The float must be properly accounted for and safely secured at all times.

## **12 VAT AND OTHER TAXATION**

12.1 The Chief Financial Officer will ensure that all staff involved in financial administration procedures within the MAT is aware of the current VAT and other tax regulations.

12.2 The Chief Financial Officer will seek to recover VAT on all zero rated, exempt and none business transactions on a quarterly basis from HMRC.

12.3 The Chief Financial Officer will comply with all statutory HMRC tax reporting requirements, make all required payments and obtain all approvals, exemptions and dispensations as is necessary to comply with statutory requirements.

### **13 ASSETS AND OTHER PROPERTY**

13.1 The School Business Manager or Equivalent is responsible for ensuring that all assets, stock and other property belonging to the MAT and its Academies is kept in safe and secure.

13.2 The School Business Manager or Equivalent will ensure that stock levels are maintained in such a way as to ensure availability of materials for business continuity, maximises the efficiency of budgets, keeps stock in the best condition possible and makes the most efficient use of storage capacity.

13.3 Independent physical checks will be made of significant stocks at least annually against stock records.

13.4 The School Business Manager or Equivalent 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.

13.5 An annual check of the inventories against items physically held will be undertaken by an independent person and documented. All discrepancies identified on this check will be investigated and the findings reported to the Local Governing Body.

13.6 Where MAT property is loaned to staff or pupils and taken off site it will be recorded on a loan of equipment register. This will include the date of issue, date returned and signature of the recipient. Any such loans should be authorised by Senior Leadership Team members.

13.7 If stock, equipment, tools, furniture, fixtures and fittings are surplus to requirements, obsolete or damaged beyond economical repair the Local Governing Body will approve the disposal (up to the level specified within delegated financial limits and subject to Secretary of State for Education's approval where necessary) and arrange for the deletion of the items from Academy records.

13.8 The Academies should then offer these goods and in the case of ICT especially to other member Academies within the Trust.

13.9 The Academy will use its best endeavour to secure the full market value for those items considered surplus to requirements.

13.10 The Trust Board will seek and obtain explicit and prior approval from the Secretary of State, via the Education Funding Agency, before entering into any freehold sales or purchases; granting any leasehold or tenancy agreement, regardless of length; or taking up any leasehold or tenancy agreement for more than three years.

13.11 Safes and secure cupboards/cabinets will be kept locked at all times, the keys removed and held in a secure location as determined by the School Business Manager or Equivalent.

13.12 The School Business Manager or Equivalent will develop and maintain a register of tangible fixed assets for accounting purposes.

13.13 All assets costing more than £1,000 will be capitalised.

13.14 Where tangible fixed assets are acquired they are included in the balance sheet at cost and depreciated over their expected useful economic life.

13.15 Depreciation is provided at rates calculated to write off the cost of the fixed asset, less their residual value, over their expected useful life on the following basis:

- Buildings is 2% per year Straight Line.
- Long term leasehold buildings is 0.8% per year Straight Line
- Building improvements is 5% per year Straight Line.
- Fixtures and fittings is 20% per year Straight Line
- Computer equipment is 20% per year Straight Line
- Motor vehicles is 20% per year Straight Line

13.15 A review for impairment of a fixed asset will be carried out if events or changes indicate that the carrying value of any fixed asset may not be recoverable.

13.16 Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

## **14 INSURANCE**

14.1 The Chief Financial Officer will ensure that adequate insurance is taken out to cover risks to which the MAT and is exposed.

14.2 The Chief Financial Officer will undertake an annual review of all risks to ensure that an appropriate level of cover is maintained.

14.3 The Chief Financial Officer will ensure that the appointed insurance provider is notified of all new risks, additions and alterations which require insurance or affect the MAT's existing insurance arrangements.

14.4 No indemnity will be given to any third party without the written consent of the insurance provider.

14.5 The School Business Manager or Equivalent will ensure that the insurance provider is immediately informed of any accident, loss or other incident that may give rise to an insurance claim and co-ordinate any information requested.

## **15 DATA SECURITY**

15.1 The Trust Board will ensure that the MAT is registered in accordance with the Data Protection Act 1998 and New Data legislation under GDPR from 1<sup>st</sup> May 2018. The use of any systems to record or process information will comply with this legislation.

15.2 The School Business Manager or Equivalent is responsible for ensuring that the data held on critical e-business systems is regularly backed up.

15.3 The School Business Manager or Equivalent will ensure that the e-business systems used for Academy management are password protected and that only authorised staff have

access to the systems. Individually assigned passwords must not be disclosed, should be changed termly and updated to reflect staff changes.

15.4 The School Business Manager or Equivalent will ensure that adequate protection is in place to safeguard critical e-business systems and data against computer viruses.

15.5 Only software approved by the School Business Manager or Equivalent will be used.

## **16 SCHOOL FUND**

16.1 The School Business Manager or Equivalent will ensure that voluntary funds are accounted for separately from the MAT's core funding and are held in a separate bank account.

16.2 The Chief Financial Officer will ensure that the accounting procedures for any voluntary funds reflect the same standard as those required for accounting for the MAT's core funding.

16.3 Any voluntary accounts will also be subject to annual audit by the MAT's nominated accountant and the disclosures that need to be made will form part of the MAT's statutory annual accounts.

## **17 FUNDS HELD AS CUSTODIAN**

17.1 Where funds are held by the MAT or it's Academies on behalf of third parties these will be accounted for separately to the MAT's or its Academies funds in a separate bank account.

## **18 SUSPECTED FRAUD, THEFT OR FINANCIAL IRREGULARITIES**

18.1 All suspected fraud, theft and financial irregularities must be reported to the Accounting Officer using the MAT's Confidential Reporting and Whistleblowing Policy.

## Appendix 1 FINANCIAL LIMITS OF DELEGATED AUTHORITY

The financial limits of delegated authority as approved by the Board of Trustees of the Two Counties Trust are reflective of school size and budget and those limits already in place pre MAT.

The limits are as follows;

### THE TWO COUNTIES TRUST

Trust Board	£ 500,000+
CEO & CFO	£ 200,000 - £500,000
Chief Executive Officer	£ 200,000
Chief Financial Officer	£ 50,000

#### Payroll Payments for all Academies per Academy:

CEO	£1,000,000+
CFO	£ 750,000
TFM	£ 500,000

### ASHFIELD SCHOOL

*Default Position Update to Follow October 2017*

Trust Board	£ 500,000+
Local Governing Body	£ 200,000 - £500,000
CEO / CFO & Premises & Estates Manager for Capital Purchases	£ 200,000 - £500,000
CEO & CFO	£ 200,000 - £500,000
Chief Executive Officer	£ 200,000
Premises & Estates Manager for Capital Purchases	£ 200,000
Chief Financial Officer	£ 50,000
Head Teacher	£ 200,000
School Business Manager or Equivalent	£ 50,000
Deputy Head Teacher	£ 50,000
Assistant Head Teachers	£ 25,000
Department Budget Holders	£ 10,000

### SELSTON HIGH SCHOOL

Trust Board	£500,000+
Local Governing Body	£ 200,000 - £500,000
CEO / CFO & Premises & Estates Manager for Capital Purchases	£ 200,000 - £500,000
CEO & CFO	£ 200,000 - £500,000
Chief Executive Officer	£ 200,000
Local Governing Body	£ 50,000 - £150,000
Chief Financial Officer	£ 50,000
Head Teacher	£ 50,000
Finance Manager	£ 50,000
Deputy Head Teacher	£ 25,000
Assistant Head Teachers	£ 25,000
Finance Assistant	£ 5,000

## SWANWICK HALL SCHOOL

Trust Board	£500,000+
CEO / CFO & Premises & Estates Manager for Capital Purchases	£ 200,000 - £500,000
CEO & CFO	£ 200,000 - £500,000
Local Governing Body	£ 200,000 - £300,000
Chief Executive Officer	£ 200,000
Head Teacher & Finance & Facilities Manager	£ 200,000
Premises & Estates Manager for Capital Purchases	£ 200,000
Chief Financial Officer	£ 50,000
Head Teacher	£ 100,000
Deputy Head Teacher(s)	£ 20,000
Finance & Facilities Manager	£ 10,000
Finance Assistant	£ 1,000

## MANOR ACADEMY SCHOOL

*Default Position Update to Follow October 2017*

Trust Board	£500,000+
CEO / CFO & Premises & Estates Manager for Capital Purchases	£ 200,000 - £500,000
CEO & CFO	£ 200,000 - £500,000
Chief Executive Officer	£ 200,000
Premises & Estates Manager for Capital Purchases	£ 200,000
Local Governing Body	£ 50,000 - £150,000
Head Teacher & Business Manager or Equivalent	£ 100,000
Chief Financial Officer	£ 50,000
Head Teacher	£ 50,000
Deputy Heads	£ 10,000
Finance Manager / Office Manager	£ 5,000
Finance Administrators	£ 1,000

## HERITAGE HIGH SCHOOL

Trust Board	£500,000+
CEO / CFO & Premises & Estates Manager for Capital Purchases	£ 200,000 - £500,000
CEO & CFO	£ 200,000 - £500,000
Chief Executive Officer	£ 200,000
Premises & Estates Manager for Capital Purchases	£ 200,000
Local Governing Body	£ 50,000 - £150,000
Head Teacher & Business Manager or Equivalent	£ 100,000
Chief Financial Officer	£ 50,000
Head Teacher	£ 50,000
Business Manager or Equivalent	£ 50,000
Team Managers	£ 5,000
Finance Administrators	£ 999



## **FREDERICK GENT SCHOOL**

<b>Trust Board</b>	<b>£500,000+</b>	
<b>CEO / CFO &amp; Premises &amp; Estates Manager for Capital Purchases</b>	<b>£ 200,000 - £500,000</b>	
<b>CEO &amp; CFO</b>	<b>£ 200,000 - £500,000</b>	
<b>Chief Executive Officer</b>	<b>£ 200,000</b>	
<b>Premises &amp; Estates Manager for Capital Purchases</b>	<b>£ 200,000</b>	
<b>Finance Committee / Local Governing Body</b>	<b>£ 50,000 - £150,000</b>	
<b>Head Teacher &amp; Deputy</b>	<b>£ 100,000</b>	
<b>Chief Financial Officer</b>	<b>£ 50,000</b>	
<b>Head Teacher</b>	<b>£ 30,000</b>	
<b>Deputy Head – Mike Bradshaw</b>	<b>£ 10,000</b>	
<b>Deputy Head – Rachel Skelton</b>	<b>£ 5,000</b>	
<b>Business Manager or Equivalent</b>		<b>£ 5,000</b>
<b>Team Managers</b>	<b>£ 5,000</b>	
<b>Finance Administrators</b>	<b>£ 999</b>	

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