

## FINANCE POLICY

### 1. Purpose

The purpose of this policy and associated procedures is to ensure that the Two Counties Trust (TTCT) develops and maintains systems of financial control which conform to the requirements of both propriety and good financial management. It is essential that these systems operate effectively to meet the requirements of the funding arrangements with the Education & Skills Funding Agency (ESFA) and comply with academy guidance as outlined in the Academies Financial Handbook as updated..

This policy relates to the Central Trust, its member schools and trading operations.

### 2. Organisation

#### 2.1 Accountability Framework

The Trust has defined responsibilities for each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Members, Trustees, Local Governing Bodies, and staff.

#### 2.2 The Members

The Members of the Trust comprise of:

- The signatories to the Memorandum (founding members)
- Members appointed by existing Members

An employee of the Trust will not also be a Member.

The Members are responsible for appointing/ and removing (in certain circumstances) the Trustees of the Trust. Members can amend the articles and may do so to support stronger governance arrangements (subject to any restrictions in the articles or in the Trust's funding agreement or charity law).

The Members are responsible for appointing the Trust's external (financial statements and regularity) auditor, and they have a right to receive the annual report and financial statements.

The Members have the power to change the name of the company and, ultimately, wind up the Trust.

The Members are responsible for holding an Annual General Meeting (AGM), further (extraordinary) general meetings may be called by the Trustees or Members. The Members will maintain an 'eyes on and hands off' role to avoid compromising the Trust Board discretion.

#### 2.3 The Trustees

The Trustees are responsible for the strategic oversight of management and administration of the Trust and delegates management responsibilities through the **Scheme of Delegation**. The Trustees duties are to:

- Act within their powers;
- Promote the success of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence;
- Avoid conflict of interest
- Not to accept benefits from third parties; and
- Declare interest in proposed transactions or arrangements

The Trustees will take full responsibility for the financial affairs and efficient use of

resources to maximise outcomes for pupils. The Board of Trustees and its committees will meet regularly enough to discharge their responsibilities and comply with the Academies Financial Handbook

The main financial responsibilities are to:

- Appoint the Chief Executive Officer (CEO) and hold him/her to account for the performance of the Trust. This role will formally include the designation of the Accounting Officer for the Trust;
- Appoint to the designation of Finance Director in conjunction with the Chief Executive Officer;
- Appoint a Clerk who is someone other than a member of the Trust Board
- Develop policy and strategic plans including target setting
- Agree policies for the sound management and administration of the Trust
- Allocate the Trust's financial, human and other resources
- Agree a development (improvement) plan
- Produce a Scheme of Delegation for the management of the Trust
- Ensure compliance with legal requirements
- Ensure sound management of the Trust's finances and resources
- Set the Trust's standards of conduct and values
- Establish and maintain a transparent system of prudent and effective internal controls
- Account to parents/carers and other stakeholders for the performance of the Trust
- Approve arrangements for an independent check of internal controls
- Avoid any conflicts which may influence their duties as Trustees of the Trust
- Prepare the annual report and accounts in accordance with relevant Company Law, Statement of Recommended Practice, and DfE guidance for presentation to Members at their AGM
- Comply with obligations to make annual returns to Companies House and the Principal Regulator within the specified deadlines
- Approve the annual budgets proposed by the CEO
- Establish an Audit and Risk Committee receive reports from External/Internal Audit

#### **2.4 The Trust Board - Finance Committee**

The Finance Committee is a sub-committee of the Trust Board which will undertake detailed monitoring of the Trust's financial position and financial control systems as set out in the Terms of Reference and will include:

- Examination of annual estimates and accounts (including the accounting policies upon which they are based) and make recommendations to the Trust Board prior to their approval.
- Ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
- Consider any other matters relevant to the financial duties of the Trust Board and make recommendations accordingly.
- Ensure that the Trust Board has adequate information to enable it to discharge its financial responsibilities.
- Something here about determination of recovery action plans ?

#### **2.5 The Chief Executive Officer (CEO) (Accounting Officer)**

The CEO is designated by the funding agreement as the Trust's Accounting Officer and is personally responsible to the Trust Board and Secretary of State for ensuring that the financial administration of the Trust's affairs is in accordance with the Funding Agreement and/or Articles of Association. This responsibility cannot be delegated.

Particular responsibilities include:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration

- Avoiding waste and extravagance
- Securing Value for Money through the efficient, effective and economical use of available resources
- The day to day organisation, staffing and management of the Trust

In this capacity the CEO must advise the Trust Board if, at any time, any action or policy under consideration by them appears to be incompatible with the Funding Agreement and/or Articles of Association.

The CEO (accounting officer) must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The CEO (accounting officer) must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The CEO (accounting officer) must take personal responsibility for assuring the Trust Board that there is compliance with the funding agreement and Academies Financial Handbook, and advise the Trust Board in writing if any action it is considering is incompatible with the Articles, Funding Agreement or Handbook and in circumstances where the Board cannot justify their action the CEO (accounting officer) will notify the ESFA immediately in writing.

The CEO must share all communications from the ESFA starting 'Dear Accounting Officer' with the Trust Board and other senior leaders

## **2.6 The Finance Director**

The Trust Board must appoint to the designation of Chief Finance Officer (CFO). The CFO will be responsible for the Trust's detailed financial procedures. The CFO will play both a technical and leadership role including ensuring:

- The preparation of medium term/annual capital and revenue budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring and control of expenditure against budgets and all financial operations for consideration by the CEO and Chair of the Trust
- The preparation of the Trust's annual accounts and other financial statements which the Trust is required to submit to the DfE/ESFA or other authorities
- The maintenance of satisfactory financial systems
- Professional advice on all matters relating to financial policies and procedures
- Day to day liaison with internal and external auditors in order to achieve efficient processes
- Day to day liaison with the Trust's bankers in relation to the Trust's bank accounts including authority to open/close accounts

## **2.7 External Audit**

The external auditors will be (re-)appointed annually by the Members. A competitive tendering process will be undertaken at regular intervals (normally at least every three years) to inform this process.

The primary role of external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

Their duties will be in accordance with the Audit Code of Practice, Academies Financial Handbook and the Auditing Practices Board's statements of auditing standards.

In carrying out their audit work, the external auditors may choose to rely on the work of the internal auditors, in particular in assessing the Trust's control environment. Where this is the

case, the external auditors will need to assess the scope and quality of the work programme carried out as part internal audit/check in order to assess whether they are able to rely on that work.

The external auditors need to come to a judgement on the work of those carrying out any internal checks, and for this reason, the internal checking function and external audit function should be clearly separated.

## **2.8 Internal Scrutiny (undertaken via supplementary work programme or Internal Auditor)**

The Audit and Risk Committee on behalf of the Trust Board will consider how arrangements for independent internal scrutiny will be met as part of a wider assurance framework. This may be through one of the following operations:

- The work of an internal audit service (in-house or bought in) which will be independent to the external audit service
- The work of a 'responsible officer' who will be a non-employed trustee (excluding the Chair of the Trust Board) and who neither charges nor is paid by the Trust for their work
- Completing the work by peer review (from a suitably qualified member of another Academy Trust)
- The Trust Board will approve arrangements on recommendation of the Audit and Risk Committee. Those carrying out the independent check remain independent in their
- planning and operation but have direct access to the Trust Board, the CEO and the Chair of the Audit and Risk Committee.

## **2.9 Senior Leadership and Head Teachers**

The Trust Senior Leadership Team and Head Teachers are responsible to the Trust Board via the Chief Executive Officer for the financial management for budgets under their management responsibility.

The Trust Senior Leadership Team and Head Teachers are advised by the Finance Director in executing any financial duties.

The Finance Director will supervise and approve financial systems operating within individual schools including the form in which accounts and financial records are kept.

Trust Senior Leadership Team and Head Teachers will ensure that the Finance Director is provided with such information as he/she may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects, and value for money reviews

## **2.10 Other Staff**

All members of staff throughout the Trust should be made aware of and have a general responsibility for the security of the Trust's property, for avoiding loss and for due economy in the use of resources.

They should also be made aware and understand how to operate within the Trust's financial authority limits and the values of purchases for which quotations and tenders are required as set out in the Scheme of Financial Delegation at the end of this policy.

They shall make available any relevant records or information to the Finance Director or his/her authorised representative in connection with the implementation of the Trust's financial policies, these financial regulations, systems of financial control, or in order for requirements of the Trust Board to be met.

### 3. Internal Financial Control

#### 3.1 Segregation of Duties

As far as is reasonably possible, TTCT allocate duties to ensure the same person is not responsible for a process from start to finish in order to reduce the risk of error or intentional manipulation. Where this is not possible, the Director of Finance will undertake a form or internal check. As far as possible, the following functions are separated:

- Authorisation
- Execution

(e.g. the authorisation of orders and invoices is separated from the placing of orders and payments to suppliers)

- Custody
- Recording

(e.g. the responsibility for managing assets on site is separated from the recording of items on the inventory)

Computer systems are set with different levels of access and users are always given read only access where it will be sufficient for them to undertake their roles.

For expenses incurred by Head Teachers, approval is obtained from either the Director of Finance, CEO or Chair of Governors.

In the event of long term absence of any of the postholder, their responsibilities should be delegated upwards until alternative arrangements can be made.

#### 3.2 Review of procedures

Procedures will be reviewed on an annual basis by the Finance Director and where deemed necessary, included in programmes of internal audit with the agreement of the Risk and Audit Committee. Findings will be presented to the Finance Committee where a decision will be taken as to whether any revisions to procedures need to be made.

#### 3.3 Audit Arrangements

The Board of Trustees ensure that access to financial records will be given to the Responsible Officer and external auditors, Registers Inspectors or their inspection team and Her Majesty's Taxation Authorities for purposes of audit inspection.

#### 3.4 Risk Management

TTCT undertakes a regular review of areas of risk across both the Trust and its Schools. A risk register is maintained which enables the Trust to:

- Identify and assess risks
- Determine appropriate actions
- Implement the actions
- Monitor the results
- Provide feedback

The findings of any risk review or update are formally reported back to the Trustees via the Audit and Risk Committee and reflected in the minutes of their meetings.

### **3.5 Conflict of Interest and Pecuniary Interests**

The Trust maintains a Register of Pecuniary Interests for both its employees and Trustees. This is maintained, updated, and reviewed annual by the Trust Governance Manager.

## **4. Banking Arrangements**

### **4.1 Account Arrangements**

All schools have bank accounts set up by the Trust. There are a minimum of two main bank accounts for each school, the first for all restricted and unrestricted funding and the second for the School Fund.

The Central Trust and Two Counties Trading Company have separate bank accounts.

### **4.2 Online Arrangements**

Finance Administrators based in Schools, the Trust Central Finance Team, Payroll Manager and the Finance Director have online access to bank accounts.

The Finance Director has the authority to administer changes to access and permission levels.

The addition or removal of access rights in their entirety must be authorised by both the Finance Director and CEO.

### **4.3 Direct Debits, Standing Orders and BACS Payments**

A schedule of Direct Debits is kept on the online banking system for each school.

These are only set up after careful consideration regarding the risk of error and the school's ability to meet the ongoing cost.

All Direct Debits, Standing Orders and BACS Payments reflected on the bank statements are reconciled to the invoices received.

### **4.4 Reconciliation Process**

The Finance Director is responsible for overseeing the reconciliation of all bank accounts undertaken by the Central Finance Team. The reconciliations are carried out as a minimum monthly.

Any unreconciled items are noted and investigated immediately via the schools and Bank.

All reconciliation reports are retained.

### **4.5 Banking of Cash and Cheques**

Finance and Administration colleagues at each school are responsible for the banking of cash and cheques received on site. They must ensure all cash and cheques are kept in the safe until they can be banked and ensure all items are taken to the bank before each month end in order that the Central Finance Team can complete reconciliations.

### **4.6 Cash Flow Forecasting**

The Central Finance Team will maintain a forecast of cash flow for a minimum period of 6 months ahead on a rolling basis, to assist in optimal funds control and disposition.

No school is permitted to go overdrawn and it is the responsibility of the Finance Director to ensure there are sufficient funds to meet current commitments. In the event a school has insufficient funds which cannot be supported by the Trust, the Finance Director will contact the ESFA for guidance.

The Trust monitors its bank position of all schools on a monthly basis with direct access to the bank and through performance of formal bank reconciliations.

#### **4.7 Prohibition of any form of Credit Agreement**

Generally, schools are not permitted to borrow money, unless they have the approval of the ESFA. It is the Headteachers responsibility to ensure that the school does not enter into any finance/purchasing arrangement that is deemed to represent a credit agreement.

If a situation occurs where a school may require to enter into such arrangements, prior approval must be sought from the Board of Trustees via the Finance Director.

### **5. Financial planning and budget setting**

#### **5.1 Annual Budget**

The annual budgeting process will take the following elements into account:

- Forecasts of likely pupil numbers in order to estimate DfE funding available
- Review of other income sources
- Review of past performance against budgets
- Review of financial KPIs and long term budget sustainability
- Review of expenditure to reflect known changes and expected long and short term variations in costs
- Annual review of assumptions around pay increases, pension rates, inflation or other known changes

A timetable for the budgeting process will be provided by the Finance Director during the first half of Summer Term. This will allow time for Headteacher, Executive Team and Local Governing Body reviews before submission to the Trust Board at the end of June/beginning of July.

When reviewing and approving budgets for the Trust, the Board of Trustees will ensure the following:

- The budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years
- Pupil numbers are challenged and these underpin revenue projections
- An integrated approach to curriculum and financial planning is taken

Once the budgets have been approved these will be shared with Headteachers prior to the start of the academic year and will be monitored by the Local Governing Body on a termly basis.

The Trust will notify the ESFA within 14 days of proposing to set a deficit budget.

#### **5.2 Strategic Planning**

The Trust continuously reviews and refreshes its Strategic Plan and this specifies the areas of priority expenditure over the next 5 years. It is used to demonstrate the how use of resources facilitates the achievements of the Trust's strategic objectives.

The Finance Director will prepare a 3 year budget in line with the strategic plan for submission

to the ESFA in collaboration with the Headteachers and Central Budget Holders as part of the annual budgeting process.

## **6. Budget management and monitoring**

### **6.1 Internal Monitoring**

Following each month-end procedure budget monitoring reports will be made available by the Central Finance Team. All reports are initially reviewed by the Finance Director and where required; commentary will be provided to the Headteachers via the applicable contact in the Central Finance Team.

### **6.2 Headteachers and designated Budget Holders**

Headteachers and any designated Department Budget Holders are accountable for items of income and expenditure they directly control. It is their responsibility to ensure that their budget is being spent in the most beneficial way for their school or department. They must ensure they are receiving value for money for every purchase.

Each Headteacher will be provided with a monthly summary of the budget giving:

- Total spend
- Outstanding commitments
- Budget
- Balance remaining

The Headteacher is required to examine the reports to ensure that the transactions are as expected and that the report represents an accurate statement of the budget position. Where there are any queries the Headteacher is required to contact the Finance Director to establish the reason and action required, if appropriate.

### **6.3 Finance Gradings**

Schools will be graded according to their ability to sustainably meet the necessary key financial performance indicators as set out by the Trust Board. The grading of each school will be reviewed on an annual basis using the matrix set out in Appendix 1 and will specify the level of support they receive from the Finance Director and Central Finance Team throughout the year.

The gradings are:

- Monitor
- Collaborate
- Control

### **6.4 Finance Director**

The Finance Director will provide the Board of Trustees with a detailed report of each school's Income and Expenditure.

Budgeting Monitoring and Forecast Outturn reports for the year will reflect:

- Any significant variances between budget and the actual position to date
- The reasoning behind the differences



- Proposals for addressing any issues which may have been identified

Reporting will differentiate from Capital and Revenue and report these separately so that the two allocations do not become confused.

## **6.5 Reporting to the Education & Skills Funding Agency (ESFA)**

The ESFA publishes an Accounts Direction each year setting out its requirements for the preparation of the Trust's annual reports and financial statements. The Finance Director ensures that all returns are sent to the ESFA within the deadlines published.

## **7. Risk Management**

The Trust ensures that there are robust systems for identifying, controlling, and monitoring all significant risks. These systems are set out in the Trust Risk Management policy.

## **8. Accounting Routines**

### **8.1 Guidance**

The Trust operates its finance systems in accordance with guidance materials and in conjunction with advice received from appointed external auditors.

### **8.2 Month end procedures**

The month-end routine is managed by the Finance Director. There is a set month-end routine and timetable for both school and central finance teams in order to ensure the finance system is up to date and accurate budget monitoring reports can be produced in a timely manner.

The Finance Director does not have the ability to post journals into the finance system to retain segregation of duties.

All back up detail and information for the month end journals is kept in a folder, specific for each school, on the Trust network.

### **8.3 Coding Structure**

TTCT has set up its coding structure in order to provide the required reports for Auditors, ESFA, Trustees and consistent financial reporting.

### **8.4 Suspense, Holding and Control Accounts**

All suspense and holdings accounts (e.g. any used for the in-house payroll operation) are reviewed on a monthly basis by the Central Finance Team and cleared regularly.

## **9. Payroll and Employee Expenses**

### **9.1 Payroll/HR Arrangements**

TTCT processes its payroll inhouse via a Payroll Manager who reports into the Head of HR

The guidelines for the recruitment process are set out in the Trust's Recruitment and Selection policy.

## **9.2 Checking of payroll data**

Payroll data is produced monthly by the Payroll Manager. It is reviewed by the Finance Director before payment is released via online banking.

## **9.3 Pay-related expenses**

All pay-related expenses must be processed through the payroll system to ensure employees are taxed appropriately. They must never be paid via petty cash or by the creditor payment system.

## **9.4 Pay advances and Staff Deductions**

The terms applying to both advances and deductions are set out in the Trust Pay Policies for Teachers and Support Staff.

## **9.5 Expenses**

TTCT's Travel and Expenses policy sets out the guidelines for reimbursement of costs incurred while on school or Trust business.

# **10. Orders and receipt of goods/services**

## **10.1 General**

It is the policy of TTCT that all dealings with its suppliers and contractors be carried out in such a way as to preserve the integrity of the Trust. It is always also the policy of the Trust that best value for money be obtained. Ordinarily this is demonstrated by some form of 'market testing' to secure the best price/quality available.

## **10.2 Orders and Requisitions**

All colleagues of the Trust will procure goods and services in line with the Trust Procurement Policy and the Scheme of Delegation (included in Appendix 1).

All orders must be raised using the official school or Trust stationery, must be processed via the Finance System and must only be for use of the schools or the Trust.

Orders should not be used to obtain goods and services for individuals or other organisations associated with schools or the Trust.

Telephone and email orders are not encouraged and should only be used where this is necessary and prior authorisation from the budget holder is obtained. These orders should be retrospectively recorded in the Finance system as soon as is practically possible to ensure that all commitments are captured within the budget monitoring reports.

All orders for a single item or combined order total must be signed in accordance with the scheme of finance delegation and procurement policy. It is not permitted to raise multiple smaller orders to circumnavigate this.

## **10.3 Receipt of Goods/Services**

The designated Budget Holder is responsible for ensuring that any goods or services received are in line with the quantity and quality set out in the original order. All goods and services received should be recorded in the Finance System in real time.

The Budget Holder will advise of any short deliveries, damaged good or other problems or

queries with the school finance administration office.

It is the responsibility of the Budget Holder to ensure that all paperwork relating to accounts matters is forwarded to the Central Finance Team either by email or post, without delay. Failure to do this may distort the accounts/financial reports due to incomplete entries and may result in a delay in closing a month's accounts.

#### **10.4 Outstanding Orders**

All outstanding orders are shown on the budget monitoring reports as commitments. In order to ensure the level of commitments is still appropriate, an 'outstanding order' report is extracted from the finance system and reviewed for appropriateness on a quarterly basis. Each Budget Holder will be contacted and asked to ensure the items reflected are still expected. Any cancelled orders will be deleted from the system.

### **11. General Expenditure Controls**

#### **11.1 Invoice Authorisation**

Designated Budget Holders are responsible for all spending against their budget. They must authorise any payment or deduction from it by means of their signature on the appropriate invoice and provide this to the Central Finance Team. The Budget Holder must be satisfied that payment is properly due, i.e. that goods/services have been supplied on the terms agreed.

#### **11.2 Invoice Payment**

Once authorised by the Budget Holder, the invoices are returned to the Central Finance Team without delay. The Central Finance Team will authorise payment of the invoices on the finance system providing:

- Satisfactory receipt of the goods/services has been acknowledged by the Budget Holder
- Expenditure must be properly incurred as acknowledged by the Budget Holder
- Invoices accord with quotations, tenders, contracts or catalogue prices as acknowledged by the Budget Holder and in line with the Trust Procurement Policy
- Invoices are arithmetically correct
- Discounts have been taken, where available
- Invoices are made out in the name of the school or Trust
- Invoices comply with VAT requirements

To ensure that invoices are paid within the settlement terms stated on the invoice or within 30 days from the date of issue, the Central Finance Team will monitor unauthorised invoices on the finance system. When an invoice has not been returned to the Central Finance Team within a reasonable time, they will issue a reminder note to the Budget Holder requesting the return of the invoice.

Discounts for prompt payment should always be considered. If prompt payment would result in discounts likely to be greater than any bank interest gained, then payments should be accelerated to ensure the discount, subject to availability of funds at the time.

### **12. Capital Income and Expenditure**

#### **12.1 General**

The staff, Governors and Trustees of TTCT will exercise the same controls for capital income and expenditure as required for revenue items.

## **12.2 Devolved Formula Capital Allocation (DFC)**

On an annual basis, schools receive an allocation of capital according to the funding formula. This can be spent in the year of allocation or carried forward up to three years to support the larger capital projects of the school. TTCT is aware that any balances not spent within three years may have to be returned to the ESFA.

## **12.3 School Condition Allowance (SCA)**

On an annual basis, Schools receives an allocation of capital according to the funding formula. This will be pooled by the Trust and used to fund large capital projects as outlined in the 5 year plan. How expenditure is made against this funding is set out in the Trust Estates Strategy.

The Trust must spend SCA funding in line with the agreed terms and accepts that any balances not spent within the defined period may have to be returned to the ESFA.

## **12.4 Capital Expenditure-Contributions from Revenue**

The Trust is aware that it cannot reflect an 'overspend' on capital items. Where the capital costs exceed the available capital resources, a transfer from revenue to capital will be undertaken to offset the difference. The cost of projects will have been agreed in advance, along with sources of funding. The ongoing progress of such projects will be closely monitored by the Trust Head of Estates and Finance Director.

## **13. Contracting**

### **13.1 Compliance with Contract Regulations**

The Trust makes its buying decisions in accordance with the principles of 'best value, probity and accountability. Prior to making any arrangement with a supplier, the Trust will ensure that it complies with the guidance set out in the Trust Procurement policy.

The Health and Safety competence of contractors and is assessed and safeguarding checks undertaken as outlined in the Trust Contractor Safeguarding policy

### **13.2 Contract Value and Tendering Requirement**

Purchases for goods and services must be made in line with the Trust Procurement policy via formal tendering procedures or access to frameworks where required.

### **13.3 Leases**

The Trust is aware that it is only permitted to enter into operating leases and that all forms of financing are prohibited. A lease register will be maintained by the Central Finance Team.

Refer also to section 4 regarding Credit Agreements.

### **13.4 Contract Signatures**

All contracts will be signed on behalf of TTCT and its schools as follows:

- Contracts up to £5000- Headteacher/Procurement Officer
- Contracts between £5001-£100,000- Headteacher/Finance Director
- Contracts between £100,000-£150,000-Finance Director/CEO
- Contracts over £150000-CEO/Chair of Trustees

## **14. VAT**

#### **14.1 General**

The Finance Director is responsible for the administration of VAT within the Trust finance system. This is processed in accordance with the guidance provided by the ESFA.

#### **14.2 VAT Returns**

VAT return information is extracted from the finance system on a quarterly basis and submitted to HRMC for reimbursement.

#### **14.3 VAT Accounting**

The Finance Director ensures that the school has been reimbursed for all VAT due i.e. received payment for all claims submitted through careful monitoring.

The Central Finance Team undertake regular system reconciliations to ensure that the finance system reconciles, i.e. that the outstanding VAT claims match the amount reflected in the VAT control account.

TTCT has a restriction on VAT claimable to reflect core business and non core business income. The calculation underlying this is reviewed regularly with support from external VAT advisors.

### **15. General Income Controls**

#### **15.1 Credit Income**

Where payment for goods/services provided by the school or Trading Company is made after the provision takes place.

The Central Finance Team must ensure that an official invoice is raised in all cases and sent to the Debtor as soon as is possible after the provision of the goods/services and no later than one week after the provision.

All invoices are raised and recorded on the Finance System.

Reminders will be sent after 30 days and 60 days if the debt remains outstanding.

If after 90 days, the debt remains unpaid, this will be escalated to the Finance Director to determine whether legal action is required, or the debt may be written off.

The Finance Director will review the Debtors list monthly to ensure compliance with this policy.

#### **15.2 Cash Income**

An official receipt must be issued to the payer at the time the payment takes place and a duplicate payment retained at the school.

All cash or cheque income must be banked promptly. No payments may be made out of the income collected. A record to evidence the banking must be kept.

#### **15.3 Charging and remissions**

Charges and remissions will be made in line with the Trust Charging and Remissions policy.

## 15.4 Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

Any restrictions or conditions of the donation must be reported to the Finance Director in order that expenditure against the donation can be monitored for appropriateness.

## 16. Petty cash & cash floats

### 16.1 Floats

TTCT operates a petty cash float which is held securely and only staff authorised by the Finance Director have access to it.

Maximum float levels are £500

### 16.2 Expenditure

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.

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.

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

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

### 16.3 Reconciliation

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

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

## 17. School Fund Account

### 17.1 Accounts

School Funds will be administered in line with the guidance set out in the Trust School Fund policy.

## 18. Fixed Assets

### 18.1 Inventory Record

All items purchased with a value over TTCTs capitalisation limit of £1000 are entered in an asset register. The asset register includes the following information:

- Asset Description
- Asset Number
- Serial Number

- Date of Acquisition
- Cost of Acquisition (exc VAT)
- Source of Funding
- Expected useful economic life
- Location
- Name of member of staff responsible for the asset

The inventory of assets in each school helps ensure that staff take responsibility for the safe custody of assets and:

- Enable independent checks to deter against theft or misuse
- To manage the effective utilisation of assets and plan for their replacement
- To support the annual report and accounts process and audit judgement and
- To support insurance claims in the event of fire, theft, vandalism or other disasters

## 18.2 Security of Assets

All items on the inventory should be permanently and visible marked as the Trust's/school's property.

An annual audit of the contents of the inventory should be completed by a person independent from the person responsible for maintaining the inventory.

Discrepancies between the physical count and the amount recorded in the inventory should be investigated promptly. Any significant discrepancy will be reported in accordance with the Anti-Fraud Bribery and Corruption Policy.

Where an item is used by the Trust but is not owned by it, this should be noted.

## 18.3 Depreciation of Assets

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:

- Freehold Property – not depreciated
- Leasehold Property – 0.8% Straight Line
- Building improvements is 5% per year Straight Line.
- Furniture and fixtures is 20% per year Straight Line
- Computer equipment is 20% per year Straight Line
- Motor vehicles is 20% per year Straight Line

## 18.4 Disposals (exc land/buildings/heritage assets)

Items which are to be disposed of by sale or destruction with a fair value estimated to be below £5,000, must be authorised for disposal by the CEO.

Items which are to be disposed of by sale or destruction with a fair value estimated to be above £5,000, must be authorised by the Trust Board.

Disposal of equipment to staff should not be undertaken without prior formal approval by the CEO in consultation with the Finance Director who will consider the potential for sale/scrap value and any of the wiping of any computer equipment of licences/software.

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the DfE a proportion of the sale proceeds.

All disposals of land require approval from the Trust Board in advance of seeking approval from the Secretary of State.

### **18.5 Loan of Assets**

Items of Trust property must not be removed from the Trust/School premises without the prior approval of the CEO via the Trust Senior Leadership Team and/or Head Teacher.

A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for an extended period or to a single member of staff on a regular basis this situation may give rise to a 'benefit in kind' for taxation purposes.

Loans should therefore be kept under review and potential benefits discussed with the Finance Director who will consult with the Trust's Auditors as appropriate.

## **19. Insurance**

### **19.1 Insurance Cover**

TTCT is aware that it has responsibility for ensuring suitable cover for a number of standard insurance policies. The Finance Director and Trust Health & Safety Manager will ensure that adequate insurance is taken out to cover risks to which the Trust and is exposed.

### **19.2 Policies Held**

In addition to the policies recommended by the ESFA, TTCT has taken out option extensions for motor (to cover the School mini bus and vans) third party hirers (for lettings) and health and safety (for contractors undertaking construction work).

Policies are held in the Trust office and can be accessed via the Trust Health and Safety Manager.

### **19.3 Claims**

The Trust Health & Safety Manager will immediately inform the insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under the insurance policy are authorised by the Finance Director prior to its submission to the insurance company.

## **20. Data security**

### **20.1 GDPR**

The Trust Board will ensure that the Trust is registered in accordance with the Data Protection Act 2018 and Compliant with New Data legislation under GDPR. The use of any systems to record or process information will comply with this legislation.

### **20.2 IT Access and Security**

The Central IT Team is responsible for ensuring that the data held on critical e-business systems is regularly backed up and secure.

The Central IT Team will ensure that computer systems used for school management are secure, password protected and that only authorised staff have access to the systems as set



out in the ICT security policy.

## **21. Suspected fraud, theft, or financial irregularities**

### **21.1 Whistleblowing**

All suspected fraud, theft and financial irregularities must be reported using the Trust's Whistleblowing Policy.

## **22. Gifts, Hospitality, and other benefits in kind**

### **22.1 General**

The acceptance of gifts, hospitality, awards prizes or other benefit may be seen to compromise the personal judgement or integrity of Members, Trustees, Trust and Academy staff.

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

### **22.2 Accepting Gifts or Hospitality**

Gifts of a trivial or inexpensive nature may be accepted but more substantial or expensive offerings should be declined. As a guide, the typical cost of a gift less than £10 would be acceptable.

A finance or administration colleague in school 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.

It is not permitted for members of staff to use loyalty card awards such as 'club card points' for their own personal use.

## **23. Severance Payments**

The Accounting Officer, Trust Head of HR and Finance Director in consultation with the Chair of the Board is authorised to make staff severance payments provided that the conditions set out in the Academies Financial Handbook are met.

Where the Trust 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 ESFA, before any such payment can be made.

## **24. Financial limits of delegated authority**

The financial limits of delegated authority as approved by the Board of Trustees ensure consistency across the Trust and the appropriate levels of budgetary control. Those schools which are considered to have a financial grading of 'Control' will have the delegated authority temporarily transferred to the Finance Director until the school's financial position is considered to have sustainably recovered.

	£
Trust Board	500,000
Trading Company Board	250,000
Local Governing Bodies	100,000-250,000
CEO & FD	250,000-500,000
CEO	250,000
FD	200,000
Trust SLT	150,000
Head Teachers	100,000
Trust Finance Manager/School Business Manager	50,000
Trust Central Department Managers	30,000
Deputy Head Teachers	25,000
School Office Manager	20,000
Assistant Head Teachers	10,000
Departmental Budget Holders	5,000
Finance Assistants	1,000

### Document management

Review cycle:	Annually
Next review due:	July 2021 (or within one month of a revised Academies Financial Handbook being published)
Policy owner	Finance Director
Approving body:	The Board of Trustees
Equality Analysis completed:	