

The Yare Education Trust

Finance Policy

January 2018



1. Aims

1.1 The objectives of this policy are to set guidelines for the establishment of sound and effective financial probity and risk management arrangements across The Yare Education Trust (to be referred to as the 'Trust'). The focus of the policy is to establish and formally adopt good working practices for proper financial management and accounting procedures in accordance with the guidelines from the Department for Education as outlined in the Academies Financial Handbook.

The Trustees of the Trust will:

- ensure that the Trust's resources are used only in accordance with the law, the Articles of Association, the funding agreement and the Academies Financial Handbook
- be responsible for the proper stewardship of the Trust's funds ensuring that the principles of best value are adopted
- establish and maintain a robust system of internal controls
- outline the areas of responsibility within the Trust.

1.2 The Trust aims to operate in transparent, ethical and accountable ways in which to promote effective management.

1.3 This document has been adopted by the Board of Trustees of the Trust (to be referred to as the Board) as the basis for the administration and management of finances and informs the Trust's Finance Procedure Document.

2. Overall Management Responsibilities

2.1 The Chief Executive Officer (CEO) of the Trust is designated as the Accounting Officer. The post holder is held accountable for the management of the Trust's financial affairs and is therefore considered to be the person with overall responsibility to the Trustees for the financial oversight of the Trust. The CEO will ensure that:

- the Board is provided with the appropriate level of financial information to discharge their responsibilities
- proper and adequate financial systems and controls are in place
- accounts are prepared and maintained as required by the Governing Body and Department for Education.

2.2 The Board has delegated the responsibility to oversee the financial affairs of the Trust to the Trust Finance Committee.

2.3 The Trust Finance Committee will report upon the financial position and affairs of the Trust as appropriate to the Board.

2.4 A Standards and Audit Committee will be made up from members of the Board. This Committee will report to the Board to assure that:

- the financial responsibilities of the Board and Local Governing Bodies (LGBs) are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained.

The Board will ensure there is a process in place for independent checking of financial controls, systems and risk. This will be done through a termly internal audit report from a suitably qualified external body or a peer to peer arrangement with other academy trusts.

2.5 The CEO delegates the day to day management of financial issues and the operation of the Trust's financial accounts to the Trust Chief Finance Officer (CFO).

2.6 Budget holders are responsible for the budgets delegated to them. Budget decisions made by budget holders will be made in accordance with the Trust's internal rules on procurement outlined in the Financial Procedure Document.

2.7 The Board, governors and staff of the Trust will declare any relevant business or pecuniary interests relating to themselves or close family members. This will be recorded on a pro forma of business interests provided by the Company Secretary and will be reviewed and updated regularly. It is the responsibility of individuals to notify the Company Secretary if situations that require a disclosure arise.

2.8 Taking into account the need for efficacy, as far as possible, the Trust will ensure that a good separation of duties occurs between members of the finance staff across the Trust in order to minimise the risk of fraud or theft.

3. Banking and Accounting Arrangements

3.1 The Trust will utilise the STAR Academy accounting system.

3.2 A record of assets held by the individual academies will be recorded using appropriate asset management software and updated on a regular basis.

3.3 The Trust and individual school bank accounts are held with Lloyds Bank.

3.4 The Board has appointed M&A Partners auditors of the Trust accounts for the financial year 2016/2017.

4. Banking Arrangement and General Cash Management

4.1 The school bank accounts will be operated with the following control features:

- A full list of authorised signatories will be maintained in the school finance offices. Authorised signatories will only be members of the school leadership / senior management teams.

- Two authorised signatories will be required for all withdrawals and payments made from bank accounts. For operational purposes, Primary school members may operate on the basis of the Headteacher's signature only, up to the value of £500.
- All cheques will be crossed account payee only.
- Cheques will not be pre-signed ('blank').
- Unused cheque books and cheques will be held securely in the finance office.
- Online payments will be made using Lloyds Link approved system. Two signatories will be obtained prior to transactions made through the online payment system. A separate mandate is maintained identifying the signatories for Lloyds Link.
- Bank reconciliations will be performed at least monthly from bank statements to the Trust's accounting records. Unreconciled transactions will be reviewed by the Trust CFO (Secondary) or Assistant School Business Manager (Assistant SBM) (Primary) on a monthly basis.
- Bank reconciliations will be reviewed and countersigned by the Trust CFO (Secondary) or Assistant SBM (Primary).
- Funds surplus to immediate requirements will be invested in either standard bank deposit or treasury deposit.
- A contingency amount equivalent to one month salary payments will be maintained in the main Trust account which has instant access.
- Cash flow forecasts will be prepared by the Finance Officer (Secondary) or Assistant SBM (Primary) to ensure that the school has sufficient funds available to pay for day to day operations. Cash flow issues will be notified to and discussed with the Trust CFO as soon as possible.

5. Petty Cash and Cash Management

5.1 Cash handling will be kept to a minimum and whenever possible and practical transactions will be undertaken through the on line payments system where available or by cheques. The school petty cash limits are:

- Thorpe St Andrew School and Sixth Form - £300.00

Cash will be held securely in the finance office, with the exception of a float of £100 maintained by the Food Technology Department. Individual (single) transactions are restricted to a maximum value of £20.00, except for the reimbursement of the Food Technology float. Any payment over this amount will be made through cheque or BACS payment.

5.2 Exceptionally, for authorised educational visits abroad when the amount of petty cash for foreign currency may be requested up to the sterling equivalent of £2,000.00.

A minimum notice period of 10 days is required for foreign exchange petty cash for educational visits.

6. Payroll

6.1 The Board has appointed Educator Solutions as the approved operator of payroll for the Trust.

- 6.2 The Board is responsible for the accuracy and timeliness of tax and national insurance returns.
- 6.3 Educator Solutions will provide a full report detailing payroll due each month. This will be reconciled within the finance office of each school to ensure that payments are to be made to:
- Bona fide employees
 - Payments are made in accordance with individual conditions of employment
 - Payments are only made for services provided to the school
 - Deductions, including National Insurance, income tax and voluntary deductions are properly administered
 - Amendments to payroll are authorised by the Headteacher or Trust CFO.
 - Payroll records are kept securely and confidentiality is maintained. These are retained for the relevant stipulated timescales.
- 6.4 The designated employee for checking the payroll will not be the same person with responsibility for authorising appointments, terminations and alterations to contract.

7. Purchases

- 7.1 The Trust recognises the importance of ensuring proper and effective use of public funds for the procurement of goods and services. All purchases are to be made with consideration to the principle of best value:
- **Probity**, to demonstrate that there is no corruption or private gain involved in the contractual relationships of the Trust;
 - **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs;
 - **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

All purchases must be made via the STAR Academy accounting system, with orders signed by an authorised signatory. Any urgent verbal purchase, is to be confirmed via an official order. The Finance Office will maintain a current list of signatures.

Budget holders will be informed of the budget available to them at the start of the academic year. **It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.**

7.2 Orders up to £5,000

Budget holders are authorised to order routine purchases up to the value of £5,000. Where possible comparative pricing should be obtained – these should be written/email.

7.3 Orders between £5,001 and £30,000

Orders between £5,001 and £30,000 (Primary) will be authorised by the Chair of the LGB. Orders between £5,001 and £30,000 (Secondary) will be authorised by the Principal.

At least three written quotations to evidence best value should be obtained unless placing an order through government procurement frameworks.

Telephone quotations are acceptable if these are evidenced in writing/email prior to purchase decision.

7.4 Orders over £30,000

Approval for orders over £30,000 (Primary) must be obtained from the Trust Board.

Approval for orders over £30,000 (Secondary) will be authorised by the Chair of the LGB.

For orders between £30,001 and £50,000, at least three written quotations to evidence best value unless placing an order through government procurement frameworks.

Telephone quotations are acceptable if these are evidenced in writing/e-mail prior to purchase decision.

Orders above £50,000 are subject to formal tendering and specification procedures with due regard being paid to those over current EU limits, where further requirements must be observed.

7.5 Tenders

Details of the Trust's procedures for this area are fully outlined in the Trust Competitive Tendering Policy. When a full tender process has been undertaken, it will not be necessary to re-tender for goods and services provided that the tender has been undertaken within the previous five years. For clarity, if a three year tender has been agreed the contract can be renewed for an additional one or two years before the tender should be re-sought.

7.6 Virements

The CFO may vire up to £500 within budgeted expenditure lines providing this virement is disclosed to the Trust Finance Committee. The Principal may vire up to 0.25% of the total General Annual Grant.

7.7 Corporate Multi-pay Business Application

There is one card currently approved under the above in the name of the Finance Officer at the Lead School with a maximum limit of £500. One card for each other member school will be agreed upon request to the CFO. Transactions will be reconciled monthly by the Finance Officer in each school and approved by the CFO (Secondary) or Headteacher (Primary) unless the cardholder and cleared by monthly payment.

8. Income

- 8.1 The Trust receives income from the Department for Education and other educational grants. The receipt of these sums are monitored by the Trust CFO (Secondary) and Assistant SBM (Primary). This centrally paid income will be banked into each individual school's bank account.

Local income will be managed at individual school level. Cash and cheques must be delivered to the Finance Office as soon as possible and stored securely until banked. All cash must be banked promptly and intact.

Cash handling requirements are detailed in the Finance Procedure Document.

A register must be maintained of all invoices raised, with chasers sent for non-payment in accordance with the Trust Bad Debt Policy.

8.2 Educational Visits

Payments or contributions towards educational visits will be managed by individual academies and recorded in the educational visits ledger of the accounting package.

8.3 Lettings

Lettings will be managed at individual school level and the Local Governing Body will be responsible for approving a Lettings Policy.

8.4 Debtors

All debtors will be recorded in either the sales ledger of the accounts package or register. Non-payment will be followed up by issuing reminders as outlined in the Trust Bad Debt Policy.

8.5 Bad Debts

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the Trust Bad Debt Policy.

Explicit and prior permission must be sought from the Secretary of State for debts over the delegated limits.

9. Investments

- 9.1 Surplus funds identified from time to time will be invested in accordance with the Trust Investment Policy. Details will be maintained within the Finance Office.

10. Fixed Assets

- 10.1 Each school will be responsible for keeping an inventory of assets and equipment. All items over the value of £100.00 are recorded as inventory. Those that are portable, valuable and desirable will be identified as Trust property with security marking.

10.2 Items purchased over the value of the Trust capitalisation limit of £2,000 must be recorded in the asset management software and security marked.

10.3 A regular (at least annual) review of the asset register will take place and discrepancies will be advised to the Trust CFO.

10.4 **Disposal of Assets**

Items that are no longer required by the school will be disposed of in line with the Trust Redundant Equipment Policy. If an asset has been purchased with a capital grant in excess of £20,000, prior approval of the DfE must be sought.

10.5 The school will reinvest the proceeds of all asset sales back to the school. The school may consider disposal of assets to staff but in the case of computer associated equipment, the school would need to ensure licences for software programmes have been legally transferred to the new owner. This must not incur any financial cost to the school.

10.6 **Loan of Assets**

Items of Trust property must not be removed from school premises without the authority of the Headteacher or Trust CFO. All loans will be recorded in the school Finance Office and the asset management register will be updated as appropriate.

10.7 Any identified loss of property will be immediately reported to the Trust CFO in order that the correct procedures can be followed for notification to insurance and police.

11. **Gifts and Hospitality**

It is against the law for public servants to take bribes. Staff, governors, trustees and volunteers need to take care that they do not accept any gift or offer of hospitality that might be construed by others as a bribe, or lead the giver to expect preferential treatment. Members of staff, governors and trustees are required to declare any gifts/hospitality received in the register held by the Company Secretary. Please refer to the Trust's Anti Corruption, Fraud and Bribery Policy for further details.

12. **Pooling of the General Annual Grant (GAG) – Appeals Process**

Any appeal in respect of the above will be handled in accordance with the latest Academies Financial Handbook.