



Finance Policy

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Staff Responsible:	Business Manager
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Finance Policy

A Introduction

The purpose of this policy is to ensure that Clarion Academy Trust (the Trust) maintains and develops systems of financial control which conform to the requirements of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Department for Education (DFE)/Education Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DFE/ESFA, including the current version of the Academies Financial Handbook. This policy expands on such guidance and provides detailed information on the Trust's accounting procedures which are implemented by all staff involved with financial systems.

B Organisation and Governance

The Trust has defined the responsibilities of each entity and person involved in the administration of finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff. The financial reporting structure is set out below:

The Trust Board

The Trust Board is responsible for the overall direction of the Trust, determines the Trust's spending priorities and evaluates the effectiveness of spending decisions. The Trust Board holds overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Trust and the DFE and in the Trust Scheme of Financial Delegation. The main responsibilities include:

- Ensuring that grant from the ESFA is used only for the purposes intended;
- Approval of the Annual Budget and any In Year Revisions to the Annual Budget;
- Approval of the Trust Improvement Development Plan;
- Appointment of the Chief Executive Officer;
- Appointment of the Head Teachers and Heads of School in conjunction with the Chief Executive Officer;
- Approval of the Scheme of Financial Delegation;
- Approval of the Finance Policy, Charging and Remissions Policy, Trustees and Governors Expenses Policy, and Business Interests, Gifts and Hospitality Policy;

Approval of Terms of Reference for Committees of the Trust Board, including the Trust Resources Committee and Local Governing Boards

Authorising contracts and expenditure above £100,000.

The Trust Resources Committee

The Trust Resources Committee is a committee of the Trust Board with membership determined by the Trust Board annually in the autumn term.

The Trust Resources Committee meets at least once per term and additional meetings are arranged if necessary.

The responsibilities of the Trust Resources Committee are detailed in written Terms of Reference approved by the Trust Board. The main **financial** responsibilities include:

- Preparation of the annual budget for the Trust and any in year revisions to the annual budget for approval by the Trust Board;
- Monitoring financial performance against the annual budget and providing corrective action where required;
- Development of medium term financial planning and provision of guidance to the Trust Board on financial strategy and policy within resources available, including allocation of resources to specific and general reserves;

- Ensuring that the annual accounts are prepared in a timely fashion and meet the requirements of company and charity law and the DFE/ESFA guidance and direction issued to academies;
- Approval of arrangements to ensure compliance with financial regulations;
- Undertaking the duties and functions of an Audit Committee under a separate chair;
- Provision of comprehensive insurance cover for all School activities;
- Preparation and approval of all financial policies and procedures not reserved for approval by the Trust Board;
- Appraisal of all projects and proposals with financial implications including consideration of long term planning and resourcing impact.
- Authorising contracts and expenditure between £15,001 and £100,000.

The Audit Committee

The Audit Committee function is provided by the Trust Resources Committee chaired by a Trustee with responsibility for audit matters appointed by the Trust Board. In general terms the Audit Committee is an advisory body without executive powers, reporting to the Trust Resources Committee. The main responsibilities of the Audit Committee include:

- Promoting a climate of financial discipline and control to help ensure the highest standards of probity and efficiency.
- Authority to investigate any activity that it deems relevant to its inquiries and to seek any information from staff that it requires;
- Design, implementation and review of a robust programme of internal audit of all aspects of financial management of the Trust;
- Appointment of appropriately qualified and experienced persons or companies to undertake an internal audit activities;
- Taking corrective action based on the result of investigations and regular internal audit reports of findings.

The Chief Executive Officer

The Chief Executive Officer acts as the Accounting Officer for the Trust and has a personal accountability to the Secretary of State for Education, through the ESFA, for the financial activities and performance of the Trust.

Within the framework of the Trust Improvement Development Plan as approved by the Trust Board the Chief Executive Officer has overall executive responsibility for the Trust's activities including all financial activities. In practice much of the financial responsibility has been delegated to the Chief Financial Officer/Business Manager but the Chief Executive Officer still retains responsibility for:

- Ensuring compliance with the Finance Policy and that all financial procedures and regulations provide strong systems of internal controls;
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Trust Board have agreed should be approved by them;
- Authorising contracts and expenditure up to £15,000 in conjunction with the Chief Financial Officer/Business Manager;
- Acting as the primary authorised signatory for the Trust in all financial matters, where necessary in conjunction with another authorised signatory from the senior leadership team;
- Undertaking monthly monitoring of the budget and key financial performance indicators in conjunction with the Chief Financial Officer/Business Manager.

The Chief Financial Officer/Business Manager

The Chief Financial Officer/Business Manager works in close collaboration with the Chief Executive Officer through whom they are responsible to the Trustees. The Chief Financial Officer/Business Manager also has direct access to the Trustees via the Trust Resources Committee. The main financial responsibilities of the Chief Financial Officer/Business Manager are:

- Operational direction and management of financial matters, including the establishment and operation of a suitable accounting system;

- Management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Trust Board and Trust Resources Committee;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- The preparation, analysis and reporting of monthly financial monitoring statements;
- Acting as an authorised signatory for the Trust in all respects except signing cheques;
- In conjunction with the Chief Executive Officer, authorising contracts and expenditure up to £15,000;
- Managing the payroll function and pension administration, ensuring that all staff are paid accurately and on time.
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the DFE/ESFA guidance.

The Staff

Other members of staff, primarily the Finance Manager and Finance Assistants are responsible for the day to day operation of financial systems as set out in this policy.

Other staff who are budget holders have financial responsibility for expenditure and income within their delegated budgets and **must** follow procedures as set out in this policy.

All staff are responsible for the security of School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements set out in this policy and the Trust's financial procedures.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, School governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board or a committee. Where an interest has been declared, Trustees, Governors and staff should not normally attend that part of any committee or other meeting but can do so if expressly requested by the Chair of the committee but in any event should not vote.

The register of interests for Trustees, governors and for staff who influence financial decisions is held in the Trust Finance Office.

C Accounting System

All the financial transactions of the Trust must be recorded on the Trust accounting system. The current system used is HOG100/Access Dimensions with the Finance Portal.

System Access

Entry to the accounting system is password restricted and the Chief Financial Officer/Business Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

Access to the component parts of the accounting system can also be restricted and the Finance Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The Chief Financial Officer/Business Manager is responsible for ensuring that there are effective back up procedures for the system in conjunction with the ICT Network Manager.

All financial data is backed up daily by a server located in a separate building on the site and current data held on the main school server in the main building. Encrypted Half Termly backups are also stored off site.

Only authorised external hardware and software is installed on any school computer to safeguard against computer viruses.

The Trustees ensure that the Information Commissioners Officer (ICO) is notified in accordance with the General Data Protection Regulations and subsequent amendments, and that the Trust's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.

The Chief Financial Officer/Business Manager is responsible for maintaining a Disaster Recovery Plan, in conjunction with the ICT Network Manager to be enacted in the event of loss of accounting facilities or financial Data. This should link in with the annual assessment made by Trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the Finance Policy and shall ensure that there is clear separation of duties between authorisation and input of transactions. For small primary schools within the Trust it is recognised that complete separation of duties may not be possible but caution is taken by the Head Teacher/Head of School to check transactions.

Transaction Reports

The Finance Manager and Chief Financial Officer/Business Manager will regularly, at least monthly, obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include: purchase and sales ledger, order requisitions, payroll records and management accounts showing income and expenditure against budget at budget holder level.

A full set of month end reports will be prepared by the Finance Manager each month and these will be reviewed by the Chief Executive Officer in conjunction with the Chief Financial Officer/Business Manager and signed by the Chief Executive Officer. These records are stored as prime financial records in a secure manner. These reports will also be shared with the Chair of Trustees and Chair of Trust Resources Committee.

Reconciliations

The Assistant Finance Manager is responsible for ensuring reconciliations of the accounting system records to the bank account records are performed at least monthly and that any reconciling or balancing amounts are cleared. Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer/Business Manager. Where there is a possibility of loss identified then this must be reported to the Chief Executive Officer if the loss is £500 or less and to the Trust Resources Committee if above £500.

The Finance Manager, Chief Financial Officer/Business Manager or Chief Executive Officer will review and sign the Bank Reconciliation Statement as evidence of their review.

Internal Financial Controls

A written description in the form of a policy of all the Trust's financial systems and procedures is maintained. The Finance Manager is responsible for reviewing the Finance Policy. All appropriate staff are trained with reference to the policy.

The internal organisation of financial procedures recognises the importance of separation of duties and wherever practical at least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.

The Trust maintains proper and complete accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. Any alterations to original documents are clearly made in ink and initialled to identify the person making the alteration.

Prime documents relating to financial transactions are retained for 6 years beyond the year in which they are produced.

All financial records are securely stored and access is limited to authorised staff who are: the Chief Executive Officer; Chief Financial Officer/Business Manager; Finance Manager; Finance Assistants, Chief Executive Officer's PA.

The Chief Executive Officer has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. These arrangements are:

- The Chief Executive Officer would carry out duties normally undertaken by the Chief Financial Officer/Business Manager, supported by the Finance Officer.
- The Chief Financial Officer/Business Manager would carry out duties normally undertaken by the Finance Manager, assisted by the Finance Assistants.
- Each of the Finance Assistants would cover each other's duties, supported by the Finance Manager.
- Additional staff hours would be provided from within the part time staff members within the finance and administration teams to ensure workload is manageable.

D Financial Planning

The Trust produces both an annual budget and a medium term financial plan covering a further two years.

The medium term financial plan is prepared as part of the development planning process. The Trust ensure all schools prepare a School Improvement Development Plan (SIDP) which indicates how educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

School Improvement Development Planning and Medium Term Financial Planning

Development planning takes place annually and draws upon the evaluation of the Trust Schools current performance as well as taking account of internal and external issues that are likely to affect the Trust. Key educational priorities and outcomes are identified and development activities over coming years.

Development planning is also informed by budgetary and resource considerations and significant financial costs are identified and cross-referenced in the medium term financial plan and the annual budget.

The SIDPs are reviewed by the Chief Executive Officer and School Leadership Teams during the first half of the summer term and considered by the Trustees in the second half of the summer term, whilst the medium term finance plan is reviewed by the Trust Leadership Team and Trust Resource Committee and recommended to the Trust Board for approval to the same timescales. However, both processes are continuous and subject to constant evaluation and review.

Annual Budget

The Chief Financial Officer/Business Manager is responsible for preparing the draft annual budget which is reviewed and approved by the Chief Executive Officer and Leadership Team, prior to consideration by the Trust Resources Committee and approval by the Trust Board.

The annual budget must be submitted in the required format to the ESFA by a date specified by the ESFA, usually 31 July. The Chief Financial Officer/Business Manager is responsible for establishing a timetable which allows for sufficient time for approval to meet the ESFA deadline for submission.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will provide a detailed breakdown of how those resources will be utilised to achieve stated educational outcomes. There should be a clear link between the SIDP objectives and the annual budget.

The annual budget planning and preparation process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- Review of other income sources available to the Trust to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of the Trust cost base;
- Identification of potential efficiency savings;
- Review of the main expenditure headings in light of the SIDP objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.
- Review of the level of reserves held.

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

Where shortfalls are identified, opportunities to increase income will be explored and expenditure headings will be reviewed to identify areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

Where a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

A priority is to produce a sustainable annual budget.

Medium term financial planning will identify the accumulated surplus or shortfall of resources cumulatively and this may need to be taken into account when preparing the draft annual budget.

Finalising the Budget

Once the different options and scenarios have been considered, the draft budget should be finalised by the Chief Financial Officer/Business Manager and presented for consideration and approval by the Chief Executive Officer, Leadership Team, the Trust Resources Committee and the Trust Board.

The annual budget should be accompanied by a statement of assumptions and commentary on key factors considered in preparing the annual budget so that if circumstances change during the year, it is easier for all concerned to take remedial action.

The annual budget should be seen as a working document which will require revision during the course of the year. Formal budget revisions will be prepared by the Chief Financial Officer/Business Manager and will be subject to the same process of consideration and approval as the initial annual budget.

Monitoring and Review

Monthly financial reports are prepared by the Finance Manager in conjunction with the Chief Financial Officer/Business Manager. The reports will detail actual income and expenditure (including commitments) against budget both at a detailed level for budget holders and a summary level for the Chief Executive Officer, Leadership Team and the Trust Resources Committee.

The monitoring process must be effective and timely in highlighting variances to the annual budget so that differences can be investigated and corrective action taken where appropriate.

Systems are in place to ensure that commitments to spend are not made where levels of expenditure are greater than the budget provision. Prior approval of the Chief Financial Officer/Business Manager is required before a budget can be overspent.

Staff with budget holding responsibility have access to Finance portal which shows all commitments against budget and will not allow expenditure over budget without authorisation by Senior staff.

A Financial Monitoring Report is produced for each meeting of the Trust Resources Committee. This provides:

- A summary of actual income and expenditure (including commitments) against budget;
- A commentary explaining variances between actual and budget figures and recommendations about corrective action;
- Routine reports on virements, bad debts, additional income streams; exceptions to purchasing regulations; and other relevant financial information or changes.

The Chief Executive Officer recommends to the Trust Resources Committee how to vire any in-year underspends in excess of £5,000. This is done through approval of budget revisions on a termly basis. The Chief Executive Officer is authorised to vire amounts up to a maximum of £5,000 from each AAR heading on the budget monitoring report once between budget revisions. Virement should only be necessary in exceptional circumstances and all virements must be reported to the next meeting of the Trust Resources Committee.

All new projects or initiatives with a financial impact are appraised by the Trust Resources Committee in relation to their costs, benefits and sustainability.

E Payroll

The main elements of the payroll system are:

- Staff appointments and terminations;
- Payroll administration; Payments.

Staff Appointments

The Trust Board has approved a permanent personnel establishment for the Trust. Changes can only be made to this establishment with the express approval of the Local Trust Board (LGB) and the Trust Resources Committee who must ensure that the post is required and that adequate budgetary provision exists for any establishment changes.

The Chief Executive Officer has authority to appoint permanent staff within the authorised establishment (except for Head Teachers or Heads of School whose appointment must follow consultation with the Trustees).

The Chief Executive Officer is also authorised to make temporary appointments after consultation with the Chair of Trustees and the Chair of the Trust Resources Committee.

The Chief Executive Officer maintains personnel files for all members of staff which include contracts of Employment in each Trust School and evidence of right to work in the UK. Manual personnel records are stored securely and electronic personnel records are kept on the Trust Management Information System and are password protected. Access to these records are restricted to The Chief Executive Officer, Head Teachers or Heads of School, Chief Financial Officer/Business Manager, Chief Executive Officers PA, Finance Manager and Data Manager.

All personnel changes, appointments, terminations and contract changes are authorised by the Chief Executive Officer or Chief Financial Officer/Business Manager and are notified, in writing, to the Chief Executive Officer's PA immediately. Payroll Administration

The Trust payroll is administered by a payroll contractor, currently Norfolk County Council. The Chief Financial Officer/Business Manager is responsible for all payroll administration and work is carried out by the Chief Executive Officer's PA and the Finance Manager in addition.

Authorised signatories for routine payroll communications are the Chief Executive Officer, Chief Financial Officer/Business Manager, Chief Executive Officer's PA, and Finance Officer.

Authorisation of the monthly payroll run for payment is undertaken by only the Chief Executive Officer or Chief Financial Officer/Business Manager.

Timesheets are used for staff to claim additional hours worked and expenses. All timesheet claims are processed through the payroll and are paid monthly.

Payroll Payments

All salary payments are made by BACS and paid monthly on the 19th of each calendar month.

The payroll contractor is responsible for calculation of the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions.

- A Monthly Employee Salary Run is produced by the payroll contractor. It provides the following details for each member of staff to be paid:
- Gross monthly salary;
- Pension, tax and national insurance deductions from gross salary;
- Any other deductions from salary;
- Employer's national insurance contributions; Employers pension contributions; Net Salary for the month.

The Chief Executive Officer's PA, Finance Manager and Chief Financial Officer/Business Manager reconcile the gross monthly salary for each member of staff on the Monthly Employee Salary Run to the employee salary data held by the Trust. Once correct the Monthly Employee Salary Run is signed as reviewed by the Chief Financial Officer/Business Manager, Finance Manager and Chief Executive Officer's PA. If the Chief Financial Officer/Business Manager is absent the Chief Executive Officer undertakes the work and if the Chief Executive Officer's PA is absent the Finance Officer covers.

The final version of the Monthly Employee Salary Run is authorised by the Chief Executive Officer or Chief Financial Officer/Business Manager for use by the payroll contractor to make net payment of salaries to staff by BACS.

Payover of employee of tax, national insurance and pension contributions and employer contributions for pension and national insurance as set out in the Monthly Employee Salary Run is paid by BACS and are also authorised by the Chief Executive Officer or Chief Financial Officer/Business Manager.

The Finance Manager processes the BACS transactions into the accounting system and is responsible for reconciling the Monthly Employee Coding Report from the payroll contractor to the BACS payments and for posting the salaries to both the payroll holding account and to the individual cost centre nominal ledger codes.

The Chief Financial Officer/Business Manager must review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

The Chief Financial Officer/Business Manager must select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

F Purchasing and Payments

The Trust wants to achieve the best value for money from all purchases. This means obtaining the correct quality, quantity and availability of goods and services at the best price possible. The Trust demonstrates value for money through obtaining quotations, undertaking competitive tendering when appropriate or by using ESPO or other approved purchasing arrangements.

The Trust as a Multi academy Trust is still a publicly funded body and it is essential to maintain the integrity of these funds by following the general principles of:

- Probity: It must be demonstrable that there is no corruption or private gain involved in the purchasing of goods and services and the letting of contracts at 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.

General Purchasing and Payment Procedures

All budget holders will be informed of the budget available to them at least two weeks before 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.

All orders must be made using Finance Portal (internal order system) confirming the requirements and price to be paid.

The Finance Manager is responsible for ensuring that official numbered orders are produced through the accounting system and recorded as a commitment.

Official pre-numbered orders are used for all services except utilities, rent, rates, petty cash, payment due under a loan/lease agreement or other ongoing regular expenditure that is the subject of a written signed contract. Any urgent verbal order is confirmed by a written order.

Individuals must not use official orders to obtain goods or services for themselves.

All orders are signed by an authorised signatory, one of the following: Chief Executive Officer; Head Teacher or Head of School; Chief Financial Officer/Business Manager; Facilities Manager; Assistant Head Teachers. The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.

In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Manager. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Finance Officer.

The Trust checks goods received against the delivery note and the delivery note is signed by the person receiving the goods. Once an invoice is received it is checked against the delivery note and the official order. Evidence of this is provided by the use of a signature grid to record checks undertaken by the budget holder, Finance Assistants and Finance Manager. There is clear separation of duties within this process.

Wherever possible, an invoice is not authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment is only made against the original supplier's invoice and not on a statement.

Any discrepancies between goods and the delivery note or invoice are taken up with the supplier by the Finance Manager or Finance Assistants.

Payment is made within supplier credit terms and payment runs are produced by the Finance Manager on a fortnightly basis, or more frequently if required.

Payment is made either by BACS or cheque and every payment requires any two authorising signatures from those lodged with the Trust bankers. These signatories are the Chief Executive Officer, Chief Financial Officer (Business Manager – BACS authoriser only), Deputy Head Standards and Curriculum, Deputy Head Teacher and Assistant Head Teachers at Hobart High School.

Purchases made and paid for by staff are discouraged. Where these are of a minor nature they are reimbursed through petty cash on presentation of a receipt which is authorised by the budget holder and signed by the member of staff on receipt of payment. Where purchases exceed the petty cash limit of £25.00 they should have been agreed with the Finance Manager in advance of the purchase being made. Re-imbursement in these circumstances will be by cheque or BACS on presentation of the invoice or receipt following the normal authorisation process for invoices.

The Trust will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease".

Purchasing Limits

Purchases will be subject to the limits and methods below:

- Expenditure up to £5,000 from ESPO or any other school approved supplier without the need for competitive quotations.
- Expenditure between £5,001 and £15,000 from ESPO or any school approved supplier after seeking a minimum of two written quotations.
- Expenditure between £15,001 and £30,000 from ESPO or any school approved supplier after a competitive tender against a written tender document submitted to at least 3 suppliers who have indicated they will tender.
- Expenditure of £30,001 and above only after following a formal tendering process.

For payments over £15000 consult with the Business Manager to see if we can gain from economies of scale

Orders are not artificially split to evade these limits.

All quotations, tenders and evaluations and relevant copies of meeting minutes are kept attached to official orders as evidence of compliance.

The Chief Executive Officer is authorised to approve expenditure and make payments to suppliers up to £15,000.

Approval of the Trust Resources Committee is obtained prior to acquisition of goods or services between £15,001 and £100,000. With such authorisation the Chief Executive Officer is empowered to make payments to suppliers.

Approval of the Trust Board is obtained prior to acquisition of goods or services above £100,000. With such authorisation the Chief Executive Officer is empowered to make payments to suppliers.

Up to the expenditure limit of £15,000, the Chief Executive Officer can deem an item of expenditure to be of an urgent or specialist nature and exempt it from the purchasing limits set out above. The reasons for such decisions are recorded and kept with the primary financial record of the transaction and reported to the Trust Resources Committee and recorded in the minutes.

Over the £15,000 expenditure limit, an item can only be deemed as urgent or specialist and exempt after authorisation by the Chair of the Trust Resources Committee and Chair of Trustees. The reasons for such decisions are recorded and kept with the primary financial record of the transaction and reported to the Trust Resources Committee and recorded in the minutes.

If a quotation or tender other than the lowest is accepted the reasons are recorded and kept with the primary financial record of the transaction. The details are reported to the Trust Resources Committee and the reasons recorded in the minutes.

G Income

General

The main sources of income for the Trust are grants from the ESFA and other public bodies. The receipt of these funds is monitored by the Chief Financial Officer/Business Manager and Finance Manager who are responsible for ensuring that all grants due to the Trust are collected.

The Trust also receives income from:

- Parents and students for educational visits, extra-curricular activities and individual music tuition;
- The public and organisations, mainly for letting of School facilities;
- Primary schools for provision of ICT support and curriculum swimming lessons; Other organisations for services provided

The Trust Board approves the Trust's Charging and Remissions Policy and reviews it annually.

Educational Visits, Extra-Curricular Activities and Individual Music Tuition

All educational visits and extra-curricular activities have a lead member of staff who acts as budget holder who has responsibility for seeking best value and competitive quotes where possible. A financial costing for every activity is prepared by the budget holder and approved by the Finance Manager prior to an activity being advertised. The Finance Assistants are responsible for collecting, receipting, counting, recording and banking all income. Purchases are not subject to the purchasing limits in Section F.

Individual Music Tuition is managed by the Head of Music. Invoices are raised for music lessons on a termly basis during the first half of each term. The Finance Assistants are responsible for raising invoices, collecting, receipting and banking all income.

Letting of School Facilities

The Trust Resources Committee approves the Letting Policy and reviews it annually. This document sets out the methodology for making facilities available to the public and organisations.

The Schedule of Lettings Charges is approved annually by the Trust Resources Committee.

Site Staff and the Facilities Manager are responsible for the operation of the lettings system and a member of school staff is on site throughout periods of hire.

A software system called "School Hire" is used for recording all bookings, generating invoices and issuing receipts.

Catering Income

The Trust operates a contracted catering service on a guaranteed income basis. Payments to the contractor for Free School Meals, Hospitality and Duty Meals are at cost.

Services Provided to Non-Trust Primary Schools

Pool Sessions are provided weekly and charges are recovered by invoice issued termly in arrears to local Primary Schools.

The Finance Manager is responsible for raising invoices for services to Primary Schools and the Finance Assistants are responsible for receipting, counting recording and banking income.

Income for Specific Purposes

The accounting system is operated on a fund basis and the Finance Officer is responsible for keeping records such that income for specific purposes is properly expended for those purposes.

Custody

Official pre-numbered receipts are recorded for all payments received where other documentation does not exist. Receipts are not required to be issued for amounts below £15.00.

Pending banking, cash and cheques are locked away in a secure place or safe and below the insurance limits.

Complete records of all income are kept. Income recorded in the accounts system is reconciled monthly with the bank statement.

Income is banked promptly and in its entirety. Paying-in slips show the analysis between cash and cheques and cheques are individually listed. Income is not used for making any payment or for cashing personal cheques.

The responsibility of identifying and recording sums due is separated from the responsibility for receiving payment, collecting and banking income.

Any cash transfers between staff are recorded and signed for.

Where income is not received in advance pre-numbered invoices are issued. Credit control is the responsibility of the Finance Manager and is managed as set out in the Bad Debts Policy, approved by the Trust Resources Committee. Debts are only written off with the prior approval of the Trust Resources Committee.

H Cash Management

Bank Accounts

The Trust's bankers are Lloyds Bank. The current account name is Clarion Academy Trust. A deposit facility for investment of funds not immediately required is also provided by Lloyds Bank.

A further deposit account is provided by NatWest Bank, named Clarion Academy Trust Ltd Direct Reserve.

The opening of all bank accounts must be authorised by the Trust Board and must set out in a formal memorandum the arrangement covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include: the amount of the deposit and a reference, such as the number of the receipt or the name of the debtor.

All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories: the Chief Executive Officer; Deputy Head Standards and Curriculum, Chief Financial Officer (Business Manager – BACS authoriser only), Deputy Head Teacher; Assistant Head Teachers. This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board of the Trust.

The Chief Financial Officer/Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the accounting system of the Trust;
 - Reconciliations are prepared by the Finance Manager;
 - Reconciliations are countersigned by the Chief Executive Officer or Deputy Head Teacher;
- Adjustments arising are dealt with promptly.

Cheque books and paying in books are kept securely when not in use.

The Trust is not permitted to take out loans or arrange an overdraft without prior approval from the ESFA and DFE as set out in the Funding Agreement.

Petty Cash Accounts

The academy maintains a maximum cash balance of £200 as a petty cash imprest. The Finance Assistants are responsible for administering the petty cash and it is kept in the Trust safe. Personal cheques are not cashed.

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque directly from the main bank account. All payments must be supported by VAT invoices/ receipts and must be signed for by the recipient.

The Finance Assistants are responsible for entering all transactions into the petty cash records on a regular basis. The Finance Manager is responsible for undertaking regular checks of the cash accounts and reconciling the petty cash account on a monthly basis. The Chief Financial Officer/Business Manager will counter sign the reconciliation and will undertake unannounced cash counts.

Cash Flow Forecasts

The Chief Financial Officer/Business Manager is responsible for preparing cash flow forecasts when necessary to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Investments

Investments must be made only in accordance with the Investment Policy approved by the Trust Board.

All investments are authorised by the Trust Resources Committee.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received in full.

I Assets

Fixed Asset Register

All items purchased with a value over the capitalisation limit set by the Trust in its accounting policies (£5,000) must be entered in the Fixed Asset Register. The member of staff named as responsible for the asset in the Fixed Asset Register is required, on a yearly basis, to check the register and report any discrepancies to the Chief Financial Officer/Business Manager.

The Chief Financial Officer/Business Manager is responsible for all matters relating to the Fixed Asset Register and is supported in this by the Finance Officer.

Asset Inventory

All items purchased with a value over £1000 or of a lower value that are portable, desirable or of easy resale value must be entered in the Asset Inventory. The member of staff named as responsible for the asset in the Asset Inventory is required, on a yearly basis, to check the register and report any discrepancies to The Facilities Manager.

The Facilities Manager is responsible for all matters related to the Asset Inventory and is supported in this by the Finance Manager and ICT Network Manager.

Asset Information

The Fixed Asset Register and Asset Inventory must include the following information where possible:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

The Fixed Asset Register and Asset Inventory helps:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- To manage the effective utilisation of assets and to plan for their replacement;

- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system;
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the register and inventory should be permanently and visibly marked as School property.

There should be a regular (at least annual) count by someone other than the person maintaining the asset registers. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where above £500 reported to the Trust Resources Committee with losses above £5,000 reported to the ESFA. All losses below £500 must be reported to the Chief Financial Officer/Business Manager.

The register and inventory must be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

Disposals of Assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Chief Financial Officer/Business Manager and, where significant (asset inventory items above purchase price £500 and fixed assets above net book value £200), should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. Computer equipment is always disposed of through specialist companies which ensure that all data and software is cleared in line with the General Data Protection Regulations.

All disposals of assets will be governed by the Redundant Equipment policy of the Trust, which is approved by the Trust Resources Committee.

All disposals of land must be agreed in advance with the ESFA and DFE.

Loan of Assets

Items of School property must not be removed from School premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in to the Trust when it is returned. This does not apply to laptops provided to staff.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust auditors.

J TAX

The Trust is not registered for VAT purposes as it falls below the current limits for required for business activity (see www.hmrc.gov.uk).

VAT claims for non-business activities are made via a Section 126 claim on a monthly basis. Claims will be made only for invoices in the name of the Trust. The Finance Manager is responsible for ensuring that VAT claims are accurate and made in a timely fashion.

The Trust is an exempt charity and as such is not liable to Corporation Tax. The Chief Financial Officer/Business Manager is responsible for liaising with the Trust auditors to ensure that necessary returns are made to maintain exemption from Corporation Tax.

K Audit/Fraud

The Trust has appointed appropriately qualified and experienced auditors to prepare and audit the statutory accounts for the Trust and provide general advice. The auditors are appointed by the Members of the Trust Board at the Annual General Meeting. The Auditors are currently Price Bailey LLP.

The Trust has appointed appropriately qualified and experienced accountants to provide a programme of internal audit with a visit of a full day each term. The Trust Resources Committee are responsible for appointing the internal auditors. The current appointment is Price Bailey LLP.

Fraud can occur in academies although the level of identified fraud in academies is very low, the Trust must be aware of the potential for it to occur.

This Finance Policy, together with the following policies also relate and give guidance to reduce the possibility of fraud occurring: Business Interests, Gifts and Hospitality Policy; Whistleblowing Policy; Risk Management & the Risk Register; Trustees and Governors Expenses Policy, DFE Governance Handbook and Academies Financial Handbook.

Suspensions of fraud should be reported to the Chief Executive Officer or if it involves the Chief Executive Officer, the Chair of Trustees.

L Insurance

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

Main Trust insurance is through the Risk Protection Arrangement (RPA) provided by the government.

The Trust retains the services of an insurance broker experienced in educational insurance for all non-RPA insured risks. The current broker is Hugh J Boswell.

All insurance policies are approved by the Trust Resources Committee with the management of insurance being the responsibility of the Chief Financial Officer/Business Manager.

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

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

The Trust will immediately advise the insurer of any accident, loss of other incident which may give rise to an insurance claim.

Appendix

Segregation of duties - Signing

Account opening	Trust Board approval via TRC
Cheques and other instruments making withdrawals from all Trust accounts	Any two signatories from CEO, Deputy Head Standards and Curriculum, Deputy Head Teacher, Assistant Head Teachers, Chief Financial Officer – BACS authorisation only
Statement Reconciliation	Finance Manager and CEO or Deputy head/Trust Business Manager (TBM)
Petty Cash Reconciliation	Finance Manager and TBM
Payroll Payments	CEO, PA to the CEO, Finance Manager, TBM