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# FINANCE POLICY

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**RÆDWALD**  
T · R · U · S · T

RATIFIED BY THE TRUST BOARD IN:  
OCTOBER 2019

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**NEXT REVIEW DATE: SEPTEMBER 2020**

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## FINANCE POLICY

<b>Person responsible for this policy:</b>	Angela Ransby
<b>Policy author:</b>	Angela Ransby
<b>Date to Trust Board:</b>	October 2019
<b>Date Ratified:</b>	October 2019
<b>Date to be Reviewed:</b>	September 2020
<b>Policy displayed on website:</b>	Yes

<b>CEO Signature:</b>	Angela Ransby
<b>Trust Board Signature:</b>	Roger Fern

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## 1. Purpose

The purpose of this policy is to ensure that the Trust maintains and develops systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of Raedwald Trust's Funding Agreement with the Department of Education.

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that guidance and forms the manual detailing information on the trust's accounting procedures and systems. It should be read by all staff involved with financial systems and accountability.

## 2. Principles

The Board will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life.

### Selflessness

Holders of public office should take decisions solely in terms of the public interest.

### Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.

### Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

### Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demands.

### Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

### Leadership

Holders of public office should promote and support these principles by leadership and example.

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### **3.1 Board**

The Board has overall responsibility for administration of the Trust's finances. The main financial responsibilities of the Board are prescribed in the Funding Agreement between the Trust and the DfE. The main responsibilities include:

- Ensure the grant from the DfE and other Restricted funding is used for the purposes intended
- Approval of the annual budget and any material changes
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income and expenditure
- Approval of the Annual Statutory Accounts

### **3.2. CEO**

The CEO has overall executive responsibility for the Academy Trust. The CEO retains responsibilities for:

- Approving new staff appointments within the authorised establishment.
- Authorising contracts up to the amount stated in the Scheme of Delegation, reporting these decisions to the trust board.
- Signing cheques as detailed in the scheme of delegation.

The trust has appointed the CEO as the Accounting Officer who is personally responsible to the Board for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the academy

The Accounting Officer has the duty to take action if the Board or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the Board details sent to the Permanent Secretary and the academy's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

### **3.4 Chief Financial Officer**

The trust board have appointed one of the Trust Business Managers, Natalie Quinton, as Chief Financial Officer (CFO).

### **3.5 Trust Business Manager**

The Trust Business Manager works in close collaboration with the CEO through whom he or she is responsible to the trustees. The main responsibilities of the Trust Business Manager are

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- Management of the Trust's Service Level Agreements
  - Authorising orders and the award of contracts up to the amount stated in the Scheme of Delegation
  - The management of trust's financial position at strategic and operational level

### **3.6. Finance Officer**

The Finance Officer works in close collaboration with the Trust Business Manager & CEO through whom he or she is responsible to the trustees. The Finance Officer also has direct access to the trust board. The main responsibilities of the Finance Officer are

- The day to day management of financial issues including the establishment and operation of suitable accounting systems;
- The management of trust's financial position at strategic and operational level;
- 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;
- Preparation of monthly management accounts
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.
- Signing cheques / authorising BACs in accordance with the Bank Mandates
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the Trust's payroll 'service provider.

### **3.7 Internal Audit**

Internal audit services are purchased from Schools Choice to provide assurance to the Trust board that risks are being adequately identified and managed by:

- Reviewing the risks to internal financial control at the trust
- Agreeing a programme of work to address, and provide assurance on, those risks

## **4 Financial Planning**

The Finance Officer will prepare both medium and short-term financial plans. These plans are prepared to inform the trust's strategic development planning processes for the next 3 years. The Trust's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available.

The Trust's Annual Improvement Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources during the year

## **5 Annual Budget**

The budget process follows an annual planning cycle.

The Finance Officer, in liaison with the CEO is responsible for the preparing and obtaining approval for the annual budget from the Board must approve the budget each year.

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The approved budget must be submitted to the DfE by the published timetable each year. The Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures the submission date published by the DfE is met.

The annual budget will reflect the best estimate of the resources available to the trust for the forthcoming year and will detail how those resources will be utilised establishing clear links to support the objectives identified in the School Improvement Plan.

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation or other anticipated changes.

The draft budget should be presented to the CEO and the trust Board together with a supporting report for approval. Once the budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change, any revision should be reported to the trust board. Any substantial changes must be approved in accordance with the Scheme of Delegation.

## **6 Budget Management**

The Finance team will reconcile all Bank Accounts and Budgets monthly.

The CEO, Chair of the Trust & the Finance Officer meet on a monthly basis to discuss the monthly management accounts which comprise budget variance reports, income & expenditure account, balance sheet & cash flow forecasts.

The CEO and the Board will receive a monthly budget monitoring report on current spend against budget and forecast outturn expenditure. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at Trust board.

The CEO may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Trust as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Head Teacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

Any potential overspends against the budget must in the first instance be discussed with the Trust Business Manager.

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The Trust board will continually monitor the quality of the financial Information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

The Original Budget must be set in the Access Accounting systems and up-to-date changes monitored against a Master budget which will record in-year changes. An audit trail of all changes made after the approval of the original budget must be made.

## **7. Accounting Systems**

### **7.1 Financial Accounting System**

The Trust uses Access Accounting System and all financial transactions must be recorded using this System. Access rights within Access are defined for each user with a unique ID and password. Users are detailed in the Scheme of Delegation.

- All financial transactions relating to the Trust's budget must be recorded using Access. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance system must be protected by robust back up procedures. The system is cloud based so it is backed up on a daily basis.

### **7.2 Transaction Processing**

- All journal transfers and transactions in the Nominal Ledger will be processed by the Finance Officer & Finance Assistant
- Cash Book entries will be made by the Finance Officer & Finance Assistant
- Fixed Asset transactions will be made by the Finance Officer
- Orders on requisitions authorised in accordance with the scheme of delegation (Appendix 1) will be raised by the Admin staff
- Invoices will be processed ready for payment by the Finance Assistant
- BACS or Manual Payments should be raised by Finance Assistant
- The Finance Officer will obtain and review system reports to ensure only regular transactions are posted to the accounting system.
- The Finance Officer will ensure monthly reconciliations in respect of the sales ledger; purchase ledger, payroll, nominal ledgers and cash book

### **7.3 Accounting for 'Other' Income using Excel Spreadsheets**

The Trust uses Spreadsheets to deal with the collection of 'other income'.

- The admin staff are responsible for the day to day recording of other income
- The Finance Assistant produces reports for data input into Access
- The Finance Officer is responsible for overseeing this system and receiving information from the Finance Assistant.

## **8. Payroll**

The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

### **8.1 Staff Appointments**

The Board approves a personnel establishment for the Trust which is known as the Staffing Structure and forms part of the Pay Policy. Material changes to the Staffing Structure of the Trust may only be approved by the Board who must ensure that adequate budgetary provision exists for any established changes and after the required period of consultation with unions and staff.

The CEO has the authority to appoint staff within the authorised staffing structure. The Trust Business Manager will maintain personnel files for all members of staff, which include contracts of employment.

### **8.2 Payroll Administration**

The Trust's payroll is outsourced to Schools Choice Payroll Services.

All Payroll transactions relating to Trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff or visiting lecturers through any other mechanism.

All new appointments, leavers, changes to contracts or personal details are to be notified to Schools Choice on the appropriate form. Forms should be completed by the Office Manager and signed by the CEO. In the case of changes to the Head Teachers salary, forms should be signed by the Chair of the board as per the Scheme of Delegation. Copies should be retained on the employees personnel file and the original sent to payroll.

All personnel files shall be stored in lockable cabinets in the trust office. Only the CEO, Head Teacher, School Business Manager and Office Manager will have access to staff files but individuals can request to see their own files in line with data protection policies.

The Office Manager is responsible for keeping the staff personnel database up-to-date via BehaviourWatch Personnel recording system.

Absence records are maintained by the Office staff on Behaviour watch. Absences are input on i-trent by the HR Officer. Staff claims for overtime must be checked by the Office Manager. Claims for overtime / variance of grade of duties, casual claims and supply claims will be entered directly onto i-Trent by the HR Officer. The claim forms are all checked by the HR Officer & authorised by the CEO.



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Mileage claim forms are checked by the manager & authorised by the CEO. Sample checks on mileage claims are undertaken by the HR Officer and sent to Schools Choice Payroll by the 5th of each month for claims up to the end of the previous month.

### **8.3 Payments and Monitoring**

All salary payments are made by BACS.

Schools Choice submit payroll reports prior to salary payments being dispatched detailing costs and individuals payment details. A BACS report is also submitted. The Business Manager & Finance Officer will undertake a sensibility check whenever possible to ensure the data does not contain major errors prior to salaries being paid.

The Business Manager & Finance Officer will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous months gross salary against the current months.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. Schools Choice are authorised to make BACS payments from the Trust's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's, Unison & GMB by the 7th of the month following the pay run and to HMRC by the 19th of the month following the pay run. The Finance Officer will enter the payroll data into Access via Journal Transfer at the earliest opportunity.

## **9. Purchasing**

The Trust will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. The Head Teacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

- Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny.
- Accountability – the process whereby individuals are responsible for their actions and decisions.
- Fairness – that all those dealt with by the Trust are dealt with on a fair and equitable basis.

### **9.1 Orders for Goods and services**

Budget Holders should raise an order for goods or services using an order form available on Sharepoint. Any orders up to £250 can be authorised by the Head Teacher but any orders over £250 must be authorised by CEO.

Where the value of an order is over £1,500, the order form must be accompanied by evidence of appropriate number of quotes /or proof that VFM exercise has taken place – as per section 9. Orders will be authorised only if the VFM documentation is present and correct. Advice about suppliers or obtaining best value is available from the Trust Business Manager.

- Upon receipt of a requisition form signed by the relevant budget holder, the requisition must be authorised by a signatory in line with the Scheme of Delegation.
- Official orders will be emailed or posted to the supplier by the Admin staff
- Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the Trust Business Manager. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

## **9.2 Delivery of Goods and Services**

- On receipt of goods the admin team will check the goods received matched to the delivery note and sign the note to confirm this.
- The admin team will check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original requisition form in the file
- The admin team will investigate any discrepancies
- The admin team will despatch goods to the budget holder
- The budget holder must ensure that the goods received are of acceptable quality any goods that rejected must be notified to the Admin team within 2 days of delivery.

## **10. Payment of Accounts**

### **10.1 Processing of Invoices**

Payment for supplies and services will be paid upon receipt of an Invoice when

- It is confirm that goods or services have been received and are of the quality expected as per section 11
- The invoice is arithmetically correct
- Prices are correct
- VAT has been treated correctly

No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable.

At least two people must be involved in the process of agreeing invoices and authorising payment. . The CEO/Head Teacher/Trust Business Manager will authorise the payment of the invoice by signing the hard copy of the invoice. The Finance Assistant will do the above checks and enter the invoices on to Access, to make it available for payment within the Accounting System. All invoices are to be processed through Access, payments generated via BACS and authorised in accordance with the Bank Mandate. Only in exceptional circumstances should payment be made by cheque or debit card.

### **10.2 Payments to individuals**

Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual using the HMRC, Check Employer Status for tax Tool.

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<https://www.gov.uk/guidance/check-employment-status-for-tax>. The reports are filed. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate form should be completed and the individual paid through the Trust's payroll provider.

## **11. Other Purchases**

The Trust recognises that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery may have to be purchased and claimed back. Also purchasing goods and services over the internet which require payment at the time of ordering is becoming more common in practice. It is the function of Staff Reimbursement Claims & the Charge Card to support these transactions.

### **11.1 Internet Purchases**

It is expected that Internet Purchases will be an exception to the norm.

When making a request for an Internet order

- Requisitions are required as per '*ordering goods and services*' procedures above
- The transaction is recorded in Access as soon as possible and the transaction reference number recorded on the documentation
- The debit card is kept in the locked drawer of the Trust Business Manager at the Trust office but is the responsibility of the Trust Business Manager be held securely at all times and the PIN code not disclosed to any other party.

### **11.2 Reimbursements to individuals**

For reimbursement of cash transactions:

- Requests for re-imbursement to individuals are to be made on the Raedwald Trust Staff Reimbursement Form and MUST be supported by receipts for the goods/services received.
- Reimbursement may be refused if the School Business Manager/Head Teacher considers maverick purchasing methods have been used, or the budget holder has already spent their full allocation and did not seek prior approval to exceed the funds available.
- The reimbursement is recorded in Access as soon as possible and the transaction number recorded on the documentation.

## **12. Income**

The main source of income for the Trust are the Grants from the ESFA and the Local Authority. The receipt of these funds are monitored by the Finance Officer who is responsible for ensuring all grants due to the Trust are collected.

### **12.1 Income collected by the Trust**

The Trust collects income from parents or the public for:

- School Meals
- Trips and residential visits
- Uniform
- Lettings

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The Trust uses spreadsheets to administer the collection of this income. The Finance Officer is responsible for the day to day administration & the collection of Income.

### **13 Lettings**

The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Trust board.

The Office Manager is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for these facilities whenever possible.

The Finance Officer will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the Board. (the DfE prior approval is also required if the debt to be written off is above the value detailed in the funding agreement).

### **14 Custody**

All cash and cheques must be held in the safe prior to banking. Banking will take place once every half-term which has been agreed by the Trust board due to the small amount of cash held by the trust.

The Finance Assistant inputs the banking amounts into Access and completes reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system during routine month end procedure.

### **15 Debtors**

The policy for bad debts is contained in a separate bad debt policy.

## **16. Cash Management**

### **16.1 Bankers**

The Trust have appointed Lloyds as their bankers for all funds. The opening of all bank accounts must be authorised by the Board who must set out in the Scheme of Delegation the arrangements covering the operation of accounts. This should include any transfers between accounts, cheque signing arrangements and the operation of systems such as BACS which must also be subject to the same level of control.

### **16.2 Deposits**

Particulars of any bank deposit must be entered in a paying in slip and should include:

- The amount of the deposit and
- An spreadsheet detailing all transactions

The Counterfoil should include:

- The amount of the deposit
- Signature of person preparing the banking

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### **16.3 Payments and withdrawals**

All cheques and other instruments authorising withdrawal from any of the Trust's bank accounts must bear signatures / electronic signatures in line with the scheme of delegation.

### **16.4 Bank Reconciliations**

The Finance Assistant checks the bank account online on a daily basis and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure:

All Bank Accounts are reconciled to Access system & adjustments are dealt with promptly.

### **16.5 Cash Flow Forecasts**

The Finance Officer is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

### **16.6 Investments**

Investments must be made only in accordance with written procedures approved by the Board under a separate Investment Policy.

### **16.7 Reserves**

The Budget is managed in line with the Trust's Balances and Reserve Policy which is reviewed annually.

## **17. VAT**

### **17.1 VAT 126 Claims**

Under legislation VAT claims can be made on expenditure supporting the Trust's core business purposes according to the simplified arrangement as detailed in the VAT Information Sheet 09/11 issued in June 2011.

Claims will be made to the HMRC on form 126 by the Finance Officer monthly following full reconciliation of all accounts.

17.2 VAT Registration Separate to the activities mentioned above the Trust may choose to register for VAT in relation to its non-business activities. I.E production of Adult Meals.

The Trust is not registered for VAT at present this is kept under ongoing review with the Trust's External Auditors.

Guidance on VAT can be found at <http://www.hmrc.gov.uk/vat/start/introduction.htm>

## **18. Insurance**

The CEO and trustees regularly consider risks and take out insurance protection as appropriate in line with ESFA guidelines.

Insurance for the 2019-2020 academic year is procured through the ESFA Risk Protection Arrangement (RPA).

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Insurance not covered by the RPA, e.g. motor vehicle insurance. For the year 2019-2020 this will be procured through Eley insurance.

The academy will immediately inform its insurers of all accidents, losses and other incidents that may give rise to a claim.

## **19. Fixed Assets**

Assets are kept securely & recorded in a fixed asset register which is kept for all individual items over the trusts capitalisation limit of £1,000. The Head Teachers ensure that all assets are secured as practicably as possible by using locked stores, rooms & other locking devices. Whenever school property, for example computers, are taken off the school site it is appropriately recorded.

## **20. Computer Systems**

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

## **21. Reporting to the DfE**

The Trust is required to submit reports to the DfE in the following areas

- Annual Accounts Return (AAR) Annual Budget
- Statutory Accounts
- Land & Buildings Collection Tool
- Budget Forecast Return Outturn
- Budget Forecast Return 3 Year Return
- Schools Resource Management Self Assessment Tool

The Finance Officer will prepare these returns with assistance from the Trust's appointed accountants where required.

### **21.1 The Annual Budget**

The Trust is required to send a copy of its annual budget to the DfE. This will be in the format of an income and expenditure statement on an accrual basis via an on line form

The Finance Officer must ensure that a final budget is submitted setting out the Trust's plans for the forthcoming academic year in more detail in the required format and by the required deadline as notified by the DfE year on year.

### **21.2 Budget Monitoring**

The Trust will submit budget-monitoring returns to the DfE, on an accrual basis in the required format by the required deadlines as notified by the DfE year on year.

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### **21.3 Annual Accounts**

As a Charitable company the Trust must comply with company law as set out in the Companies Act 1985. This includes a requirement to prepare a governors' report and financial statement ('annual accounts') and for these to be independently audited by a registered auditor. Financial Statements should be prepared to 31st August each year. They should include:

- Incoming resources from all sources receivable in the period
- Resources expended on all activities within the period
- All assets and liabilities of the Trust at the balance sheet date
- All cash received and expended within the period
- Notes to the accounts

The Annual accounts must be submitted to the ESFA by 31st December. As soon as the DFE deadline, but by no later than 30th June (10 months after the end of the accounting year), a copy of the governors annual report and audited final accounts must be sent to Companies Register and to the Charity Commission. The trust must publish each year's accounts on its website by 31<sup>st</sup> January following the previous year end.

### **22. External Auditors**

The Trust appointed Price Bailey as their external auditors. This will be reviewed on a 3-yearly basis. The appointment of Auditors must be approved by the Full Board.

### **23. Gag Pooling**

The concept of GAG pooling is outlined in the Academies Financial Handbook and states the MAT has the freedom to amalgamate the funding for its academies. It also states there must be an appeals mechanism which can be found in the Appeals Policy. The trust has decided to pool its reserves, High Needs funding from the local authority & place funding from the ESFA. The purpose of this is to secure long-term financial sustainability of the MAT. Gag pooling will enable the trust to fund projects across the MAT to support school improvement. It will also offer greater efficiency savings across the trust through further centralization.