

FINANCE POLICY



WHERE LEARNING IS UNSTOPPABLE AND ASPIRATIONS HAVE NO LIMITS

Updated by: Ellena Skoulding

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Review Date: Biannual

Signed:

A handwritten signature in black ink, appearing to be "Mayleen Atima".

Chair of Trustees: Mayleen Atima

Trust Address: 64 Prince of Wales Drive
Ipswich
IP2 8PY

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Overview

The Trust Finance Policy is in place to clarify for all members, Trustees and employees the financial rules which govern the Trust.

This policy must be read in conjunction with the Academies Trust Handbook, Accounts Direction, Record of Financial Responsibility, Terms of Reference, Scheme of Delegation and other finance related policies referenced in section 14 of this policy.

Finance structure, roles and responsibilities can be found on the Business & Finance SharePoint.

This policy will be reviewed bi-annually and updated with any significant changes as required. Failure to adhere to the Finance Policy will be subject to investigation and may result in removal of financial delegation and/or disciplinary action.

1. Financial Planning

- 1.1. The Trust will set a detailed 1 year and strategic 3 year budget plan annually in line with ESFA reporting requirements.
- 1.2. Headteachers will work with the Trust Finance Manager and Trust Finance Lead to set their school's budget which is then reviewed by the CFO before being consolidated into a Trust budget plan to be approved by FRA.
- 1.3. 3 year budget assumptions will be prepared by the CFO, reviewed by ELT and recommend to the Board for approval by FRA
- 1.4. Budgets will be prepared on BPS, using Integrated Curriculum Financial Reporting (ICFP), and incorporating School and Trust Development plans, which are approved by the Quality of Education Committee, the premises strategy and rolling programs of maintenance and IT replacements.
- 1.5. Key financial performance indicators will be agreed and assessed by the CFO, CEO and FRA as part of the budget planning.
- 1.6. Schools and therefore the Trust should aim to set balanced in year budgets. Where this is not possible the CFO and CEO will agree a 3 year recovery plan in consultation with the school leader. The exception to this is where there is a conscious planned decision to utilise reserves to implement key areas of a Schools/Trusts Development Plan. This will be approved by FRA.
- 1.7. Virements will be completed in the Autumn Term, approved by the CFO and reported to FRA at their next meeting. Further virements will only be completed if there is additional unplanned income or a successful reserves use bid mid-year. A virement request form must be completed in advance of any virements.
- 1.8. The trust reserves policy explains how schools can utilise their reserves for specific projects and long-term strategic investment in addition to how schools can save funds for future projects. Any expenditure from reserves should be

one off and not recurring on going costs. This may include staffing but only if on short, fixed term contracts

- 1.9. The Trust does not GAG pool but accounts for each schools funding separately.
- 1.10. Underspending of GAG and unrestricted funds are pooled in reserves. Other Restricted funds are held locally at schools. Further information can be found in the Reserves policy
- 1.11. The Central Shared Services Team is funded via a central recharge and recharged monthly to schools. Further information can be found in the Central Recharge Policy.

2. Financial monitoring

- 2.1. The Trust Finance Manager and Trust Finance Lead will prepare school based monthly management accounts showing budget, actuals spent to date, commitments, predicted outturn position, spend against funds and reserve pots as necessary.
- 2.2. The Trust Finance Manager and Trust Finance Lead will report any assumptions made within the monitoring to the headteachers monthly.
- 2.3. Headteachers are responsible for their school income and expenditure being in line with the approved budget.
- 2.4. The CFO will consolidate the school monthly management accounts into a Trustwide position and report these monthly to the board via Governorhub and meet monthly with the chair. The Trust monthly management accounts will also include a balance sheet and cashflow position.
- 2.5. The CFO will submit management accounts termly to FRA for discussion highlighting variances and any areas of concern.
- 2.6. Movement of variances to budgets are allowed providing the overall budget headings (ie. E0,E1,D) are still within budget. Where movement between overall budget headings is required, this must be requested by the headteacher on a Virement Request form and approved by the CFO and CEO and reported to FRA at their next meeting.

3. Payroll

- 3.1. Payroll is currently delivered in house via Edupay. The approval of the Finance Resources & Audit Committee is needed to change any such arrangements.
- 3.2. All payments to individuals in respect of services rendered to the Trust or the schools within it must always be carried out via the payroll system unless IR35 applies and the HMRC CEST tool has been completed stating the individual can be paid outside of payroll. CEST results should be kept by the schools to

evidence this when completed. Where appropriate tax and NI will be deducted as a matter of course.

- 3.3. The Trust has a Pay Policy and all changes to pay must be consistent with this. Any variations to this must be raised with the CEO, and will require approval by the Finance, Resources and Audit Committee. Salaries are paid last working day of the month.
- 3.4. Changes to employee terms and conditions must be approved by the Trust Board.
- 3.5. The monthly payroll must be reviewed by the School Office Managers detailing reasons for payroll variances and approved by the headteachers prior to payments being made and reviewed subsequently by the CFO.
- 3.6. The Trust Finance Manager will complete detailed per person payroll reconciliations and the CFO will complete monthly Trust payroll control reconciliations.
- 3.7. The SST will make payment and complete all returns to HMRC and other statutory payroll bodies monthly within deadlines provided by the statutory bodies.
- 3.8. The CFO will provide an annual schedule of payroll dates and deadlines in July for the next academic year, so the schools can ensure payroll is approved in time for processing to be completed and employees paid by the last working day of the month
- 3.9. Amendments to master files, e.g., starters, leavers and contract variations must be authorised by the Headteachers and sent through to SST for processing.
- 3.10. All payroll documentation must be held electronically within Edupay (ie. signed variation documents, contracts, receipts etc)
- 3.11. All severance payments must be approved at Board level, with due consideration to the requirements regarding such payments laid out in the Academies Handbook in relation to value for money and the best interests of the Trust.

4. Pensions

- 4.1. The CFO is responsible for the Trust adhering to pension legislation.
- 4.2. Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme (for teaching staff) and the Local Government Pension Scheme (for support staff). These are defined benefit schemes, are contracted out of the State Second Pension (S2P) and the assets are held separately from those of the Trust.

- 4.3. The Trust reviews and assesses its pension liabilities and performance of pensions schemes annually and ensures adequate provision is being made to meet its responsibilities.
- 4.4. All employees are contractually enrolled either to the LGPS or TPS depending on their role when they start a new role with the Trust.
- 4.5. Every 3 years the CFO will auto enrol all eligible employees. The Trust's auto enrolment date is January.
- 4.6. The Trust HR Administrator will provide the Trust Pension Lead with a monthly record of all new starters, leavers and Opt Outs/Ins and update within Edupay. The Trust Pension Lead will then notify the relevant pension administration of these changes.
- 4.7. The CFO is responsible for ensuring all relevant payments, paperwork and annual returns are completed and sent to the Local Government and Teaching pension schemes within deadlines provided.

5. Procurement

The Trust has a detailed Procurement Policy and process notes which are available on Policy and Business & Finance SharePoint.

5.1 Purchasing Goods and Services

- 5.1.1. All goods and services must be purchased in line with the Procurement Policy
- 5.1.2. Purchasing of goods and services must be authorised by an authorising officer prior to the order being placed as per the Record of Financial Responsibility
- 5.1.3. Best value should be sought in the case of all purchases.
- 5.1.4. Where possible joint procurement will take place across the Trust
- 5.1.5. Only approved suppliers will be used. Where new suppliers are required, these must first be approved by the SST Finance Team who will undertake suitability checks.
- 5.1.6. The SST Finance Team will provide schools with a cut-off date for last orders within the financial year. No further purchases should be made after this date without the approval of the CFO.

5.2. Purchasing card

- 5.2.1. Each card holder is responsible for the security and use of their card. Card holders must not allow any other person to use their card.
- 5.2.2. Any new card holder must sign the declaration form in Appendix 1 when their card is issued

- 5.2.3. The schools purchasing card must only be used when payment by invoice is not available
- 5.2.4. Usual procurement and Trust purchasing limit rules must be adhered to when using a school purchasing card
- 5.2.5. The card must not be used to withdraw cash
- 5.2.6. PIN numbers must be kept by individual card holders only and must never be shared or written down.
- 5.2.7. The card must not be used for personal purchases. Misuse of the card may result in withdrawal of the card and disciplinary action, including dismissal.
- 5.2.8. All appropriate and relevant documentation must be kept with regard to the card transaction by the school and retained for the standard 6 years plus current.
- 5.2.9. The Purchasing Card Log must be accurately maintained and updated by the Office Manager to include all purchases by the school within timescales set by SST. Monthly records must be fully authorised and retained within the school.
- 5.2.10. Purchase card direct banking entries on the monthly bill and bank statements must be entered and reconciled on PSF within 5 days of receiving the credit card bill/bank statement
- 5.2.11. Use of purchasing cards will be subject to spot checks by SST Finance Team. An Independent record of checks will be maintained and any unauthorised or non-adherence to this policy will be subject to an investigation and may result in potential reclaim from the card user, withdrawal of card and/or disciplinary action.
- 5.2.12. On planning to leave the employment of Orwell Multi Academy Trust, the individual's purchasing card must be returned with a full account of any outstanding expenditure. The card is to be cancelled by the CFO or CEO
- 5.2.13. If the card is lost or stolen the cardholder must immediately notify Lloyds Lost/Stolen card line, the police (if stolen and obtain and a crime reference number) and the Trust Finance Manager (providing the crime reference number if relevant)
- 5.2.14. If any fraudulent use / types of expenditure are identified (e.g. either made by the individual or as a result of 3rd party intervention), the police should be contacted for investigation (remembering to obtain a report number)

5.3 Petty cash

5.3.1 No school within the Trust currently holds any petty cash. If any is to be held this is to be agreed with the Chief Finance Officer first and the school is to abide by the limits in the Record of Financial Responsibility

5.4 Expenses

5.4.1 The Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. These must be claimed on a monthly basis in arrears. Reasonable expenses include:

- travel by public transport
- use of own car and parking (excluding home to work travel)
- unavoidable overnight accommodation
- reimbursement for approved items bought on behalf of the Trust.

5.4.2 Expense claims for reimbursement for approved items bought on behalf of the Trust must only be authorised as a last resort when payment via invoice or school purchasing card is not available.

5.4.3 Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and will be made available to all staff via Business & Finance SharePoint.

5.4.4 Staff must have prior agreement for spend prior to incurring the expense or making commitments to do so. The financial authorisation process varies according to the amount of the spend. Further details can be found in the Record of Financial Responsibility and Procurement Policy

5.4.5 For Travel, parking and accommodation staff must submit an expenses claim via Edupay and seek approval as laid out in the Record of Financial Responsibility.

5.4.6 For approved items bought on behalf of the Trust, an expenses claim form must be completed and approved in line with the Record of Financial Responsibility.

5.4.7 All claims must be accompanied by valid VAT receipts. Credit card slips are not classed as valid receipts in their own right.

5.4.8 The SST Finance Team will complete spot checks on claims to ensure compliance with this policy. Non-compliance with the policy may result in claims not being paid and/or disciplinary action.

5.4.9 Directors and members of the Trust may claim for reasonable expenses incurred when acting on behalf of the Trust. Expenses may be incurred through:

- attendance at meetings of the Trust Board or Local Governing Body or their sub- committees
- meetings with authorities, regulators, auditors etc

- meetings with members of staff or prospective staff connected with their official duties
- other official meetings.

5.4.10 It is expected that Directors and members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust. Directors and members may not claim for:

- time spent working as a Director or Member
- loss of earnings
- food or refreshments
- expenses in connection with foreign travel

5.4.11 The level of expenses that can be claimed will be no higher than for staff in the academies.

6 Tax

6.1 The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the CFO to ensure compliance with VAT regulations.

6.2 The Trust has a separate VAT policy which can be found on the Trust Policy SharePoint.

6.3 The CFO will review liability for Corporation tax and, if applicable, ensure that Corporation Tax returns are completed on time and in accordance with legislation.

6.4 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

6.5 VAT is to be reclaimed from HMRC monthly

7 Income

7.1 The main sources of income for the Trust are the grants from the DfE/ESFA. The receipt of these sums is monitored by the Shared Services Finance Team and entered by them into the finance system. The CFO is responsible for ensuring that all grants due to the Trust are collected.

7.2 Other funding is also received from other sources such as the local county and borough councils. Schools are responsible for apply for and ensuring that all grants due to the Trust are collected.

7.3 All direct income should be keyed on to the finance system within 5 working days of receipt of the remittance advice.

7.4 The Trust also obtains income from:

- students, for example trips, activities, uniforms, school dinners
- the public, mainly from lettings

- 7.5 The receipt of these sums is added to the income spreadsheet by schools by the 2nd working day of the following month and added to the finance system within 5 working days of the following month.
- 7.6 It is the responsibility of the headteachers to ensure all trip costs are fully funded or included within their budget if to be funded by alternative sources.
- 7.7 Income from lettings will be collected by the school in accordance with the Lettings Policy.

8 Cash Management

- 8.1 The Trust will operate a single bank account across all schools within the Trust.
- 8.2 Investments to maximise Trust interest received will be undertaken by the CFO. This may require opening of additional bank accounts with higher interest rates and minimise the risk to working capital. Any non-cash investments where the capital may be at risk should be authorised by FRA and a formal memorandum of the arrangements covering the operation of the account should be in place.
- 8.3 Wherever possible payments will be made by BACs with cheque payments kept to a minimum.
- 8.4 All payments should be authorised by 2 authorised signatories. This would usually be two of the CFO, CEO or Trust Finance Manager depending on value.
- 8.5 Payroll payments should always be authorised by the CFO and CEO. In the absence of one of these, individuals' payments would be authorised by the other individual, Trust Finance Manager and a Trustee.
- 8.6 Direct Debits can be set up on the account but should only be set up by two approved signatories.
- 8.7 All bank accounts must be reconciled monthly and checked/countersigned by the CFO.
- 8.8 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO who will review and advise course of action.
- 8.9 Cash and cheques should be held securely in each school finance office safe, recorded on the income spreadsheet and reconciled within 10 working days. Cash is banked at the end of each ½ term.
- 8.10 Cash should be reconciled by the school prior to being banked with one person preparing the banking & reconciliation and another person checking and signing the banking/reconciliation.

9 Charging and remissions

- 9.1 The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.
- 9.2 The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.
- 9.3 Schools may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Head Teacher.

10 Bad debt, write off and asset disposal

- 10.1 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- 10.2 The Trust reserves the right to allocate income received from parents against any outstanding dinner money debt before allocating to School trips etc.
- 10.3 All debts will be recorded and non-payment will be followed up by the school issuing reminders at the following intervals:
- 4 weeks from date of account - 1st reminder
 - 8 weeks from date of account – final reminder.
 - The final reminder will be by recorded delivery and threaten legal action if the account is not settled within 14 days.
 - After 12 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing by the CFO.
- 10.4 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 Financial Authorisations in the Record of Financial Responsibility and in accordance with the guidance provided in the Academies Trust Handbook.
- 10.5 VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
- 10.6 The Trust will retain a Bad Debt Write-Off Summary and report any bad debts written off to FRA termly.

- 10.7 All assets with a current value of £100-£500 must obtain the approval from the CFO prior to disposal and above £500 requires approval from FRA prior to disposal. Any land which is to be disposed of, ESFA approval must be approved regardless of value as per the Academies Handbook.
- 10.8 A disposal register will be kept by the CFO and shared with FRA for all disposals with a value of above £100.

11 Fixed Assets

- 11.1 Fixed Assets can be tangible and intangible defined as per FRS102/IAS16
- 11.2 All items of a capital nature purchased with a value over the Trust's capitalisation limit of £1,000.00 must be capitalised. Assets below this value will be charged to the Statement of Financial Activities in the year of purchase as an expense.
- 11.3 Items that serve as like-for-like replacements will not be capitalised but will instead be recorded as expenses in the Statement of Financial Activities for the year of purchase. Conversely, items that are upgraded upon replacement will be capitalised and added to the fixed asset register.
- 11.4 Any item (or group of items) and not necessarily on the same order but within the same account period with a value more than the capitalisation limit defined above that are considered to have a life longer than the financial year in which they were purchased are classed as a Fixed Asset.
- 11.5 All fixed assets must be capitalised within the finance system and recorded on a fixed asset register monthly.
- 11.6 The fixed asset register is reconciled to the finance system by cost, depreciation, net book value and fund on a monthly basis by the SST Finance Team
- 11.7 Depreciation is calculated on a straight-line basis, is pro rata'd and starts from the month of purchase.
- 11.8 Current depreciation rates are:
- | | |
|--------------------------------|----------------------------|
| • Leasehold land | Over the life of the lease |
| • Long-term leasehold property | 2% - 4% |
| • Plant and machinery | 2% - 16.66% |
| • Furniture and equipment | 5.88% - 20% |
| • Computer equipment | 20% |
| • Motor Vehicles | 10% |
| • Software | 20% |

This is due to assets being donated to the Trust on conversion. All new assets purchased use the following depreciation rates:

- | | |
|--------------------------------|----------------------------|
| • Leasehold land | Over the life of the lease |
| • Long-term leasehold property | 2% |
| • Plant and machinery | 20% |
| • Furniture and equipment | 20% |

- Computer equipment 20%
- Motor Vehicles 10%
- Software 20%

- 11.9 Leases are not capitalised and are shown in the Statement of Financial Activities. All leases should be authorised by the CFO
- 11.10 All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on the accounting system. Disposal approval limits are defined with the Record of Financial Responsibility.
- 11.11 Disposal of equipment to staff is not permitted unless approved by the CFO, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment
- 11.12 Each school should hold an equipment inventory which not only includes fixed assets but also desirable items which may not fit the fixed asset criteria. Physical checks should be completed against this inventory annually and shared with the CFO. Any discrepancies should be shared by the CFO with FRA and followed up with the school.

12 Insurance

- 12.1 The Trust subscribes to the DFE Academies Risk Protection Arrangement (RPA). Changes from this scheme must be approved by FRA
- 12.2 The Trust reviews all risks annually to ensure the cover available, both commercially and via RPA.
- 12.3 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 12.4 The Trust will not give any indemnity to a third party.
- 12.5 The Trust will immediately advise the insurers/RPA scheme of any accident, loss or other incident which may give rise to a claim.

13 Pecuniary and Business Interests

- 13.3 The register of Pecuniary Interests includes all business interests such as directorships, shareholdings 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 director or a member of staff by that person.
- 13.4 The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting

- 13.5 The Pecuniary interest register will be updated at least annually in the autumn term by all Members, Trustees, LGC, Members of School SLT, SST and Office Managers or if something changes throughout the year.
- 13.6 The Pecuniary Interest register will be held on the Trust website.
- 13.7 Trusts must report all transactions with related parties to ESFA in advance of the transaction taking place, using ESFA's on-line form.
- 13.8 Trusts must obtain ESFA's approval for transactions with related parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board and the accounting officer.
- 13.9 Trusts must obtain ESFA's **prior** approval, using ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party exceed £40,000 in the same financial year, ending the 31st August. The £40,000 threshold applies to single transactions with the same supplier, the transaction value is not aggregated by supplier.

14 Other Finance Related Policies

All separate finance related policies can be found on Policies Sharepoint or Governorhub.

- 14.1 Record of Financial Responsibility
- 14.2 Terms of Reference
- 14.3 Reserves
- 14.4 Procurement
- 14.5 Charging and Remission
- 14.6 Gifts and Hospitality
- 14.7 Central Recharges
- 14.8 Lettings
- 14.9 VAT
- 14.10 Pay
- 14.11 Recruitment
- 14.12 Absence
- 14.13 Maternity/Paternity

15 Additional Finance Process Notes

The following additional process notes can be found within Business and Finance Sharepoint

- 15.1 Finance Roles and Responsibilities
- 15.2 Payroll for Office Managers and Headteachers
- 15.3 Payroll for school staff

- 15.4 Procurement (to be written)
- 15.5 Purchasing card (to be written)
- 15.6 Allowable expenses (to be written)
- 15.7 Fixed Asset control (to be written)

Appendix 1

Lloyds Purchasing Card Programme Employee Undertaking

First Name	
Last Name	
Role	
School Name	
Telephone Number	
Email	

I declare that:

- I have received my Lloyds Purchasing Card and associated PIN, have signed the back of the card as instructed and will always keep it in a safe place.
- I have received a copy of the Finance Policy which details the purchasing card guidance and procedures.
- I accept responsibility for the security, safe keeping and confidentiality of the purchasing card issued to me.
- I agree to only use the purchasing card for Orwell Multi Academy Trust. I understand that this card must not be attached to any online accounts. I understand that this card must not be used on any personal accounts, only those in the name of the school.
- If I leave Orwell Multi Academy Trust with purchases outstanding on the card which cannot be reconciled with business use, I agree to the outstanding monies being deducted from my final salary payment.
- I have read the policy and agree to comply with its requirements.

This employee undertaking will be applied in conjunction with the employer's:

- Code of Conduct
- Disciplinary Procedure
- Financial Regulations

Signed	
Date	