

BALCARRAS TRUST

FINANCIAL PROCEDURES POLICY

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Introduction

This manual is designed to define the procedures and controls relating to the financial management of Balcarras Trust Schools concerning income, expenditure and resources. The procedures and controls set out on the following pages are currently in force but are subject to amendment as future changes of a statutory or other nature may dictate.

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1. Organisation

1.1. The Trustees

The Trustees have overall responsibility for the administration of the Trust's finances, compliance with the Funding Agreement and the Academies Trust Handbook. The main responsibilities include:

- Ensuring the funding is used for the purposes intended
- Approval of the annual budget
- Appointment of the Chief Executive Officer (CEO)/Headteachers
- Appointment of the Chief Financial Officer (CFO) in conjunction with the CEO
- Appointment of auditors
- Review and approval of the annual report and accounts

1.2. Finance, Audit and Risk Committee

Much of the day to day financial management and monitoring is delegated to the Finance, Audit and Risk Committee (FAR Committee) within the detailed terms of reference. The FAR Committee of Balcarras Trust also includes the scope of an Audit Committee as defined by the Academies Trust Handbook. The main responsibilities of the FAR Committee include:

- To oversee the annual budget setting
- Annually recommend to the Trustees an agreed financial plan for the coming year
- Regularly review the Trust's performance against the current year's financial plan, and take such corrective or preventative actions as may be required to ensure compliance with the planned budget, and Government legislation
- Ensure that resources are allocated in line with the strategic priorities defined in the Trust's development plan.
- Ensure that full and efficient use is made of all the Trust's assets and financial resources
- The Trust delivers 'value for money' from our budget
- Proposals and plans for premises spending are specifically discussed and monitored, specifically via each school's senior team, which will give regular reports to the FAR Committee
- Determine the written description of financial systems and procedures
- Determine matters relating to lettings outside normal school hours in accordance with Trustees' delegated responsibilities
- Determine insurance arrangements

1.3. Chief Executive Officer

The Chief Executive Officer, who is appointed as the Accounting Officer, has overall responsibility for the Trust, including financial activities. Much of the financial responsibility is delegated to the Chief Financial Officer, but the Chief Executive Officer still retains responsibility for:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources

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- The day to day organisation, staffing and management of the Trust

1.4. Chief Financial Manager

The Chief Financial Officer works in close collaboration with the Chief Executive Officer and is responsible to the governing body via the Finance, Audit and Risk Committee and full Trustees meetings. The main responsibilities are:

- Day to day management of financial issues including staffing and operation of the finance system
- The management of the Trust financial position at a strategic and operational level within the framework of the Finance Policy and Academies Handbook
- Ensuring the annual accounts are properly presented and supported by the financial records and systems
- Preparation of interim financial reports
- Approval of orders up to £50,000, in conjunction with budget holders
- Ensuring the required returns are sent in to the Department for Education in line with timetables

1.5. Independent Scrutineer

The Independent Scrutineer is appointed by the Trust to provide the Trust and Finance, Audit and Risk Committee with on-going independent oversight of the Trust's financial affairs and assurance that:

- The financial responsibilities of the trust being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal control are being maintained
- Financial considerations are fully taken into account in reaching decisions

1.6. Other Staff

The finance team have specific responsibilities for the accurate maintenance of the Trust's finance systems, records and compliance with the Finance Policy and Academies Trust Handbook. The specific responsibilities are detailed in individual job descriptions. Budget holders have financial responsibility for managing within their delegated budgets and ensuring value for money.

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2. Budgets

2.1. Budget construction

The Chief Finance Officer is responsible for the detailed preparation of the annual budget. In doing this he/she consults with other members of staff to ascertain detailed requirements.

The Finance, Audit and Risk Committee determine the overall sum within which the budget must be set, and the amount of any anticipated balance to be carried forward into the following financial year.

In constructing the budget, the Chief Finance Officer takes account of priorities identified in the Trust Development Plan and incorporates the costs of these in the budget.

If the budget total exceeds the amount of the ESFA allocation, plus or minus any balance brought forward from the previous year, the Chief Executive Officer and Chair of Trustees inform the ESFA immediately this becomes apparent.

The Finance, Audit and Risk Committee meets at least three times a year. During these meetings the committee considers a broad budget strategy and considers and approves the detailed budget.

The full Trust body subsequently approves the full budget and minutes this approval.

The Chief Financial Officer informs the ESFA of the approved budget in writing, in a format determined by the ESFA. The Chair of Trustees signs the submitted budget.

In constructing the detailed budget, the Chief Finance Officer takes account of the following and all other known factors:

- Any anticipated changes in pupil numbers
- Current and previous years expenditure levels on individual budget headings
- Development Plan priorities
- Staff pay awards and increments
- Anticipated price inflation
- Changes in the staffing complement
- Changes in the supply of services (gas, electricity, oil, water etc.).

2.2. Budgetary control and monitoring

The Chief Executive Officer is responsible for regular, detailed control of the Trust budget. To achieve this the Chief Executive Officer receives monthly reports from the Trust's accounting system.

The Chief Financial Officer is responsible for the preparation of these reports and accompanying commentary within 25 working days from the end of the month.

The Chief Executive Officer may assign budgetary responsibility for individual budget headings to other members of staff.

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2.3. Virement of budget

The Chief Executive Officer's authority for budget virement is up to £10,000

The Finance, Audit and Risk Committee authorise all virements above £10,000

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3. Income

3.1. Credit income

The Trust receives income from the following:

- Grant allocations from the ESFA, GCC and other government bodies
- Invoiced hiring of facilities
- Invoiced consultancy
- Money collected from parents for school meals, school trips, gift aided donations and other items
- Other income by unannounced means, such as donations.

3.1.1. Grant income

The ESFA, GCC and other government bodies notifies the amount of the grant prior to receipt. The Chief Financial Officer ensures this information is entered on the accounting system.

3.1.2. Invoice income

An official invoice must be raised by the Chief Financial Officer, or other person under the direction of the Chief Financial Officer, in all cases and sent to the debtor as soon as possible after the provision of the goods/services, and no later than one month after the provision.

An electronic file of copy invoices will be maintained by the Finance team.

The debtor control account will be monitored monthly to identify debts requiring reminder and/or further debt recovery actions.

Reminders will be sent out after the following periods if the debt remains outstanding:-

- 1st reminder – 30 days after due date
- 2nd reminder – 60 days after due date

If after 90 days the debt remains unpaid, consideration will be given by the Chief Financial Officer, Chief Executive Officer and/or Trustees to writing the debt off in accordance with the following limits:-

- Upto £200 – Chief Executive Officer or Chief Financial Officer may authorise write-off
- Upto 500 – Chair of Trustees may authorise write-off
- Over £500 – Finance, Audit and Risk Committee may authorise write-off

In each case, the possibility of taking legal action to recover the debt must be considered by the Chief Financial Officer, Chief Executive Officer, Chair and Finance, Audit and Risk Committee as appropriate.

As well as sending formal reminders, efforts must be made by the Trust to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of

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the due date, no further goods or services must be provided until the outstanding debt is settled.

3.2. Cash income

The Chief Financial Officer ensures all cash and cheque (or any other monetary instrument) receipts are reconciled and banked at the earliest opportunity. Finance Clerk issues an official receipt at the time of payment, a duplicate copy is retained at the Trust.

3.3. Banking

The Chief Financial Officer ensures cash and cheques received are banked promptly and intact and the stamped paying-in slip is retained. No payments are made out of income received.

3.4. Charging policy

The Finance, Risk and Audit Committee sets a charging policy to cover: -

- Lettings
- School visits (which will be costed by the teacher organiser, who will also take into account any students in financial difficulty)
- Music tuition
- Exam fees
- Private photocopying
- Private telephone calls

The Trust levies charges in accordance with the Charging Policy.

3.5. Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. Donations should be properly recorded into the appropriate income budget and must be banked promptly and intact.

3.6. Other income

All income used to offset expenditure (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the Trust bank account and coded into the appropriate income code. Monies received from any sales of school equipment must similarly be paid into the Trust bank account.

3.7. Cash received from pupils

Cash received from pupils must be fully and accurately recorded. Cash collected by departments must be handed over to the Finance Office daily. A receipt for the income will be generated and retained with the income record.

The Finance Office issues a receipt for cash payments of £20 or more.

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3.8. Security of receipt books and tickets

All unused receipts to acknowledge receipt of income must be held securely in the Finance Office of each school in the Trust.

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4. Purchasing

4.1. Ordering

Trust procedures for purchasing should ensure that purchases are as required and are only for valid school purposes.

Requisitions must be approved by the appropriate budget holder. These are then converted to Purchase Orders by the Finance Team. For orders over £1000, the official order produced from the finance system must be authorised on the system by the Chief Financial Officer before it is sent to the supplier.

The Chief Financial Officer will obtain the written approval of purchase orders in excess of £10,000 from the Chief Executive Officer and a trustee from the Finance Audit and Risk Committee.

If an order has been placed over the telephone by the Finance Team an official order number will be given and the invoice checked against this number. Alternatively official confirmation of the order must be sent as soon as possible afterwards, e.g. by email.

The IT Manager must always be consulted before ordering any computer equipment or software.

Official orders must not be used to procure goods for private purposes.

Records of all official orders placed must be retained on file at the Trust by the Finance Team.

When placing orders it is the responsibility of the initiator to ensure that Standing Orders are adhered to, these being –

4.2. Quotations / tenders

4.2.1. For orders for goods/services under £50,000

- £5,000 - £10,000 - at least three prices to be examined and retained (these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists) except under emergency situations when the Chief Financial Officer may select a single supplier
- £10,001 - £50,000 - independent written evidence of at least three prices must be obtained and retained (except where only a single specialist supplier is able to provide the required goods/services)

4.2.2. Orders for goods/services over £50,000

Tenders must be invited in accordance with specific Standing Orders.

- From at least three appropriate contractors, or

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- By open competition by advertisement in local newspapers or appropriate journals

4.2.3. Contracts over £209,000

In the event that the Trust wishes to place a contract over £209,000 (for lifetime value – not just a single year) Public Procurement regulations apply. The Finance, Audit and Risk Committee and Chief Financial Officer should carefully review the latest requirements of the legislation.

4.2.4 Contracts below £209,000

For contracts with a lifetime value below £209,000 the usual order approval limits apply, provided the amounts fall within budget allocations.

4.3. Trustee involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Chief Executive Officer to ensure that Trustees are consulted in the following circumstances:-

- Review of quotations obtained where estimated costs exceed £50,000
- Review of quotations that exceed £10,000, when the lowest quote is not the most suitable or when the prerequisite number of quotes could not be obtained. In such circumstances the Trustees should formally authorise a waiver of the regulations, either to the purchase or retrospectively, if necessary

4.4. Receipt of goods

Once items ordered have been received, the Budget Holder must ensure that items delivered, correspond to the details contained in the delivery note. Upon examination of goods the Budget Holder must also ensure that both quality and quantity are appropriate. The Budget Holder is responsible for recording the receipt of the goods on the appropriate finance software. (The Budget Holder may delegate this responsibility, but the Budget Holder must have a clear understanding of where responsibility lies)

4.5. Invoice recording

The Chief Financial Officer ensures that all invoices are recorded promptly in the Trust's accounting system on receipt.

4.6. Invoice check and authorisation

The Budget Holder checks invoices against order and delivery for quantity, quality and price, and approves them on the appropriate financial system.

The Chief Financial Officer ensures suppliers that are a named individual are properly registered with the HMRC as self employed for the type of work undertaken. If they are not registered these suppliers are paid through the payroll.

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4.7. Cheque payments

4.7.1. Supplier payments are made electronically. In exceptional circumstances, cheques can be issued from a manual chequebook. All unused cheques are securely locked in the safe located in the finance office.

4.7.2. All cheques issued require the signatures of two authorised signatories before issue.

Authorised signatories of the cheques are:

- a member of the SMT,
- Chair of Trustees,
- Vice Chair of Trustees,
- Chair of the Finance, Audit and Risk Committee
- Chief Financial Officer.

The person who authorises an invoice is not a signatory of the cheques pertaining to that invoice.

Any cheque with a value in excess of £10,000 requires the signature of at least one of the designated Trustees (exception being for payment to the HM Revenue & Customs).

All cheques are signed manually and signing of blank cheques is prohibited.

All cheques presented for signature are supported by authorised documents.

Supporting documents have the cheque number written on them as soon as cheques have been drawn and reviewed for accuracy, and before presentation for signature.

4.8. Direct Bank Payments

Payments of invoices and expenses will in general be by faster payments through the bank. The Finance Team will process all payments through the electronic finance system producing a csv file of a payment run. The payment run csv file is to be uploaded on to the bank account by the Chief Financial Officer for release by one of the designated members of the SMT.

4.9. Credit Card Purchases

Credit card holders are responsible for the appropriate use of their cards, within the limits that the cards have. Card holders must submit receipts, together with information about how to code the receipts, in the appropriate form as specified by the Finance Department. Where a card holder is wishing to have an expense coded to a cost centre that is not one of their own, they should provide written confirmation from the budget holder of that cost centre that they agree to receiving the charge.

Credit card receipts / invoices will be authorised by the Chief Financial Officer, who may seek further authorisations if the transaction is not of a routine nature.

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4.10. Petty cash (for schools that are not ‘cashless’)

Day to day operation of the petty cash account is the responsibility of the Chief Financial Officer.

All petty cash expenditure, and reimbursement income, is promptly recorded in the petty cash record.

Each time a reimbursement claim is submitted, the finance officer completes a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

All members of staff who wish to purchase items from the petty cash account obtain prior approval from the Chief Executive Officer. Vouchers (receipts, paid invoices etc.) to evidence the payment are presented to the Finance Office by members of staff when reclaiming cash from the account. The finance office retain these vouchers.

In normal circumstances individual purchases from petty cash do not exceed £10. In exceptional circumstances payments up to £20 may be made, with the express prior approval of the Chief Executive Officer. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books are retained securely.

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5. Payroll

The Trust operates its payroll system using SAGE payroll software system. Key features are:-

- Data in the SAGE software will be backed-up each month to ensure at least one month's complete data is available at any time
- SAGE software will be updated as soon as new software releases are issued
- All staff will be paid on 26th of each month, or the previous working day should that fall on a non-working day
- All salaries must be paid to staff using BACS
- All staff access to internet will receive their payslip electronically; staff not on email will receive a payslip via collection from their school's Finance Office.
- All statutory deductions must be paid to the relevant body (e.g. LGPS, TPA, HMRC) by the relevant deadlines
- P60s will be issued by 31st May each year for the previous April to March tax year. Where a new starter fails to produce a P45 their previous employer a P46 form will be issued
- All support staff payslips must explicitly show and holiday pay entitlement adjustments relating to additional hours and/or unpaid leave

5.1. Starters/variations/leavers

5.1.1. The Chief Financial Officer provides the following information for new employees:

- Payroll information form
- Letter of employment signed by the Chief Executive Officer
- Support Staff Pension forms to be completed and submitted to the County Pensions Department

5.1.2. Amendments

- All amendments to salaries (apart from regular claims such as overtime) must include a completed Payroll Change Form, which must be signed by the CEO.
- Employees to notify and authorise by signature changes of personal details such as address or bank accounts in writing

5.1.3. Leavers

Notification of leavers is in writing by a letter of resignation from the employee

The Chief Financial Officer is responsible for

- notifying Pensions Department by completion of the "Leavers Form".
- issuing a P45 with the final payslip.

5.2. Timesheets

5.2.1. Overtime

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Employees are responsible for submitting their overtime forms to their line manager for authorisation, the line manager is responsible for submitting these to the Finance Office.

5.2.2. Cleaning / Catering Staff

Employees are responsible for submitting their timesheets to their line manager for authorisation, the line manager is responsible for submitting these to the Finance Office. Where appropriate, the Time and Attendance systems should be used.

5.2.3. Sports Centre Staff

Employees are responsible for submitting their timesheets to their line manager for authorisation, the line manager is responsible for submitting these to the Finance Office.

5.3. Checking payroll data

The Chief Financial Officer is responsible for the preparation of the monthly payroll. A nominated member of the SMT is responsible for checking it.

Variance reports are produced from Sage Payroll highlighting changes between the current month's pay element and the last time that individual received a similar payment.

5.4. Pay-related expenses

Pay related expenses should be signed off by the line manager, and submitted to the Finance Office. The Finance Office makes payment of these as part of the regular supplier payments routines.

5.5. Staff Fund deductions

For the purposes of generating funds for staff leaving presents, the Finance Office is authorised to deduct £15 from full time staff, £10 from part-time in September from employees' monthly net pay, except where the employee has expressly opted out of the scheme. These funds are exempt from other Trust funds and must not be used to fund school-related expenditure.

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6. Assets

6.1. Inventory

The portable, desirable, attractive assets of the Trust, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the Trust's inventory. Full details (make, model, serial number, approximate value) shall be recorded, subject to a minimum value for an individual item of £1,000.

The Chief Financial Officer is responsible for keeping the overall inventory up to date; each department head is responsible for keeping their individual department's inventory up to date by adding new items when they are received into Trust.

All asset disposals must ensure the best possible value is obtained. Items up to a value of £1,000 may be sold or written out of the inventory on the authority of the Chief Executive Officer. Over this limit, the Governing Body authorises and details recorded in the minutes. Reasons are recorded in the inventory, together with the Chief Executive Officer's signature (up to £1,000) or the Trustees' minute reference (£1,000 and over). An official receipt for sales income must be issued to the purchaser. VAT must be charged when required.

For disposal of fixed assets which have been funded by the ESFA the Chief Financial Officer will adhere to the requirements laid down in the Academies Trust Handbook.

Inventories shall cover all areas of the Trust, and be arranged on a room-by-room basis. A separate inventory is maintained to include items which are not allocated to a specific room.

The inventory is checked against the actual assets by the Chief Financial Officer on an annual basis. The check is evidenced by the checker signing and dating the inventory.

6.2. Depreciation

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful life of the assets.

Assets are capitalised for all single items above the value of £1,000.

A full year's depreciation is charged in year of purchase. No depreciation is charged in year of sale.

The standard rates of depreciation are as follows:-

Asset type	Depreciation period	Depreciation rate
Computer equipment and software	5 years	20%
Fixtures and fittings	5 years	20%
Buildings	20 years	5%

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Note: The above are general standard depreciation rates. Individual capitalised fixed assets may need to have specific depreciation periods set; this will need to be specifically approved by the Finance, Audit and Risk Committee.

6.3. Off-site register

The IT Manager records any electronic inventory items taken off-site by members of staff for official purposes in a register. The date borrowed, and the signature of the borrower, is recorded. The IT Manager records the date when the item is returned.

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7. Register of Pecuniary and Other Interest

The Trust (Clerk to the Trustees) shall maintain such a Register. The specific criteria to be included are detailed in the Academies Trust Handbook.

7.1. Persons to be included:

1. All Trustees
2. All Members
3. All Senior Management Team (SMT)
4. All Finance staff
5. All Budget holders
6. All credit card holders
7. Any other staff who may, from time to time, have procurement responsibilities

7.2. Interest to be recorded:

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the Trust.

Examples of such improper influence might be:-

- To purchase goods or materials from a company in which a Trustee/senior member of staff has a financial interest without going through the correct procedures re: obtaining competitive prices
- Promoting a member of staff who has close personal relationship(e.g. spouse, partner, son, daughter etc.) with a Trustee/senior member of staff without going through the correct procedures for recruitment and selection

There cannot be a definitive, comprehensive list of the interests which should be recorded. The following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the Trust
- Having a close personal relationship with a person in the above categories
- Being in a position to potentially influence decisions made about the Trust
- Having a close personal relationship with a Trustee or member of staff

All gifts must follow the procedures set out in the Anti-Fraud and Corruption Policy.

If staff or Trustees are in any doubt regarding whether an interest should be reported, guidance should be sought from the Chief Executive Officer or Chair of Trustees.