



# **Financial Management Policy**

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## **1. Overview**

- 1.1 The purpose of this document is to outline how Community Inclusive Trust (CIT) maintains and develops effective systems of financial control that conform with the requirements of statutory and regulatory authorities, as well as complying with established principles of good financial management and common sense. It is essential that these systems meet the requirements of the Funding Agreement between CIT, the Education & Skills Funding Agency (ESFA) and the Department for Education (DfE); meet the requirements as laid down in the Academies Financial Handbook (published by ESFA), and are in accordance with CIT's Articles of Association.
- 1.2 Each Academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. This handbook converts this into practical detailed information on the Academy's accounting policies and procedures and should be read and absorbed by all staff interacting with the Trust's finances. It is split into two documents: the first being the Trust's policies which is visible on the Trust's website and relates to this document, the second document covers the more detailed operational procedures across the Trust.
- 1.3 It is incumbent on Members, Directors, Staff and all parties engaged by or with the Trust to observe both the letter, but also the spirit of the Trust Finance Policy and the Trust Financial Operational Procedures Handbook. The Trust is responsible for public money and, as such, the duty of care is naturally set very high. Whenever in doubt and where this Handbook does not specifically set out an appropriate approach, the highest principles should be observed to ensure the Trust is able to fully stand behind the approach taken by the decision maker.

## **2. Organisation**

- 2.1 CIT is a Company limited by Guarantee, registered in England and Wales and is a Multi-Academy Trust. The Company has charitable status.
- 2.2 The Trust has defined the responsibilities of each person involved in the administration of both Trust level and individual Academy finances. The financial reporting structure is illustrated in the following bullet points:
- 2.3 **The Trust Board and the Finance, Audit and Estates Committee (FAE)**

2.3.1 The Trust Board has overall responsibility for the management and administration of the Academy Trust's finances. The CIT Board is led by the "Chair". It is the Trust's statutory responsibility to safeguard the assets of the company and to meet all requirements of the Companies Act. The main DfE prescribed responsibilities are set out in the Master Funding Agreement issued to the CIT by the DfE include:

2.3.1.1 appointment of Senior Executive Leader/Accounting Officer, Chief Financial Officer, Clerk to the Board of Trustees, Finance Committee, Statutory (external) Auditor,

2.3.1.2 ensuring that educational grants are used for the purpose intended,

2.3.1.3 managing budgets to be balanced, and annual approval of those budgets,

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2.3.1.4 approval and issuing of annual audited accounts to ESFA,

2.3.1.5 instructing and reviewing internal audit reports to ensure high internal rigour,

2.3.1.6 appointment of Academy Head Teachers.

2.3.2 The Senior Executive Leader (who is a member of the CIT Trust Board) is also the Accounting Officer (AO). The AO has a personal responsibility to Parliament, and to ESFA's accounting officer, for the financial resources under the Trust's control and is also required to submit to ESFA an annual statement indicating the Trust has secured value for money.

2.3.3 The Chief Financial Officer (CFO) is the Trust's finance director, business manager or equivalent, to lead on financial matters, ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts. The CFO is not a member of the Trust Board.

2.3.4 Finance Committee - Academy Trusts must establish a committee to provide assurance over the suitability of, and compliance with, its financial systems and operational controls. Members of the Finance Committee are appointed by the Trust Board. Trusts which have a level of annual income below £50 million have flexibility to establish either a dedicated audit committee, or to include the functions of an audit committee within another committee. The CIT Trust Board has established a Finance, Audit and Estates Committee (FAE) to oversee and advise the Trust Board on all matters of finance (see Appendix 1 (point 15) below for terms of reference, key duties and membership aspects of the FAE).

2.3.5 The Trust Board will expect to be advised on all significant matters of finance and financial control by the FAE, but ESFA in any case imposes some specific limits of authority on Trusts whereby should there be any intention to exceed such limits special approval from ESFA is required. The key ESFA limits are shown in Appendices – Annex B - Schedule of Freedoms and Delegations.

2.3.6 All Trustees' expenses will be co-signed by another Trustee.

### 2.4 **The Local Governing Body**

2.4.1 The Trust operates a pooled budget; as such, the Local Governing Body is not delegated responsibility for the administration of the Academy's finances. Instead, the Trust Board delegates financial responsibility to the CEO and CFO who are advised by the FAE.

2.4.2 Local Governing Bodies' responsibilities are documented in the Scheme of Delegation.

### 2.5 **The Head Teacher**

2.5.1 Within the framework of the Academy development plan as approved by the Local Governing Body, the Head Teacher has overall executive responsibility for the Academy's activities, including some financial activities. With the support of the CEO and CFO, the Head Teacher's main responsibilities include:

2.5.1.1 ensuring that income relating to the charitable objects of the Trust is used only for the purposes intended,

2.5.1.2 adopt financial prudence in managing the financial affairs of the Trust in so far as these relate to the Academy and are delegated to them,

2.5.1.3 understanding the annual budget and monitoring financial performance in conjunction with the School Operations Manager,

2.5.1.4 reviewing and approving data for submission to the Trust,

2.5.1.5 considering reports from the Academy, FAE or equivalent body.

## **2.6 The Chief Financial Officer**

2.6.1 The Chief Financial Officer works in close collaboration with the Academy Head Teachers through whom he/she is responsible to the Chief Executive Officer and the Board. The Chief Financial Officer also has direct access to the Board via the FAE.

## **2.7 The Academy School Operations Manager**

2.7.1 The School Operations Manager reports to the Chief Financial Officer and works in close collaboration with Head Teachers/Executive Leadership Team for the day to day management of financial issues of the Academy.

## **2.8 Internal Audit**

2.8.1 Internal financial audit is a continuous process within the management of CIT's financial affairs by its Finance Team. This continuous process is supplemented by the commissioning of a programme of internal audits by external service providers.

2.8.2 The FAE advises the CIT Trust Board on the appointment, re-appointment, dismissal, remuneration, scope and programme of work and reports of the internal audit service provided by external service providers. (See Appendix 1 for key duties and membership aspects of the FAE).

2.8.3 Once internal audit reports are issued, any action points are implemented and reported to the relevant personnel that the appropriate changes have been made.

## **2.9 Other Trust/Academy Staff and Partners/Sub-contractors/Suppliers**

2.9.1 Other staff/partners/sub-contractors/suppliers will have varying degrees of access to Trust/Academy assets and all will have some financial responsibilities. All such persons are responsible for:

2.9.1.1 the security of academy property, for avoiding loss or damage,

2.9.1.2 for ensuring economy and efficiency in the use of resources, and

2.9.1.3 for conformity with the requirements of the Trust/Academy's financial procedures.

## 2.10 **Register of Pecuniary Interests**

2.10.1 The Trust maintains a Register of Pecuniary interests. The Register is open to public inspection.

## 3. **Accounting System**

3.1 The Trust operates a recognised financial accounting system. Entry to the system is password restricted and passwords are changed on a regular basis. Where it is suspected that unauthorised access to the system has taken place, the FAE shall be notified immediately.

3.2 The Strategic Lead of Technology is responsible for ensuring that there are effective back-up procedures for financial data and that provision is made for restoring data in a disaster. A disaster recovery plan is in place in the event of a loss of a financial system.

## 4. **Financial Planning**

4.1 The Academy prepares medium term (three years) and annual financial plans.

4.2 The medium-term financial plans are prepared as part of the strategic planning process. The Strategic Plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three-year period and also encompasses individual school improvement plans.

4.3 The Strategic Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

### 4.4 **Strategic Plan**

4.4.1 The Strategic Plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "Big Picture" within which more detailed plans may be integrated. This should also be in co-ordination with the individual school improvement plans.

4.4.2 Each year the Central Finance Team will propose a planning cycle and timetable to the Trust Board.

4.4.3 The completed Strategic Plan will include detailed objectives for the coming academic year and outline broad objectives for the following two years.

### 4.5 **Annual Budget**

4.5.1 The Chief Financial Officer in conjunction with the Trust Executive Leadership Team/Head Teacher and/or the School Operations Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Accounting Officer, the FAE and the Trust Board.

4.5.2 The approved budget must be submitted to the ESFA by the specified deadline each year and the Chief Financial Officer is responsible for establishing a

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timetable which allows sufficient time for the approval process and ensures that the submission date is met.

- 4.5.3 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Strategic Plan objectives and the budgeted utilisation of resources.

### 4.6 **Monitoring and Review**

- 4.6.1 Regular budget monitoring will be undertaken by the Chief Financial Officer and School Operations Managers. Regular reports will be prepared by the Chief Financial Officer for disclosure to the CEO and Executive Leadership Team/Head Teachers. The reports will detail actual income and expenditure against budget at a summary level for the Head Teacher and the Trust's FAE.
- 4.6.2 Any potential overspend against the Academy budget must in the first instance be discussed with the Chief Financial Officer and Senior Leadership Team/Head Teacher.
- 4.6.3 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

### 4.7 **Virements and Overspends**

- 4.7.1 Any change (virement) within the nominal codes up to the agreed value that can be managed within the existing budget parameters can be authorised by the SOM/Central Operations Manager as part of their role of managing their budget as long as the overall surplus or deficit as set at the initial budget stage does not change. This is still at the discretion of the CFO who can request changes within this. Anything in excess of the agreed value must be approved by the Directors of Education and the CFO. However, please also note that virements between cost sections of the agreed value must be approved by the Directors of Education and the CFO. E.g. A staffing saving that you want to utilise as a building maintenance spend. All virements over the agreed value must be noted on the management accounts reports on a monthly basis.
- 4.7.2 If there are any increase in educational costs or staffing required for the school, this must be approved by the Head teacher, the Director of Education and the CFO. Any additional non-educational costs that have not been included in the budget for the school must be approved by the Head teacher and CFO. This may be referred to the Trust Board if any of the approvers deem it necessary. Trust Board are also required to approve in advance if the amount exceeds the agreed value.
- 4.7.3 If there is any additional spend in relation to the Trust Support Hub budget, then this is to be agreed as follows:
  - 4.7.3.1 Any increase in spend above the agreed value – Approval required from Trust Board prior to the spend taking place,
  - 4.7.3.2 All virements/overspends up to the agreed value will be noted on the Financial monitoring report which is submitted to the Trust Board monthly for information purposes.

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4.7.3.2 Settlement costs – Any and all to be approved by Remuneration and Nominations Committee.

4.7.4 All approvals must be sought prior to the service/goods being ordered in accordance with the guidance in section 4.10. If this procedure isn't followed, this may result in the Trust invoking disciplinary procedures in line with CIT policy.

### **5. Staff and Payroll**

#### **5.1 Payroll Administration**

5.1.1 The Trust payroll is administered by the Central Finance Team and all data is held in the Cloud through a payroll software provider. The Academy Office/HR Representative/School Operations Manager are responsible for updating the payroll information and passing it to the Central Finance Team in a timely manner on a monthly basis.

5.1.2 Changes to contracts, including details of any new appointments, terminations, contract changes or additional payments are prepared by administrative staff and must be authorised by Senior Leadership Team member/Head Teachers and CIT Central Finance before passing to the Payroll and Pensions Officer for action.

#### **5.2 Changes to Payroll**

5.2.1 Changes to payroll documents (including payment of extra hours, change to pay scale, etc.) must be authorised appropriately and then forwarded to the Payroll and Pensions Officer. Any documents relating to changes to payroll must be passed to the Central Finance Team and retained in the employee's personnel file.

#### **5.3 Payroll Documentation**

5.3.1 All employees should have their own files kept locked away with access restricted to named employees. Any data held for the school by the SOM in relation to payroll should also be locked away with restricted access to the data of the employees of the school.

#### **5.4 Staff Expenses**

5.4.1 All hotel, subsistence and travel expenses will be claimed at cost and capped at a specific amount per day as detailed in the Trust Financial Operating Procedures Handbook.

5.4.2 All expenses are to be accompanied with receipts and authorised as appropriate.

5.4.3 Mileage expenses will be paid at the HMRC recommended rate and should be the lesser of the employee home to the Academy/business location or Trust Support Hub/employment location as per employee contract to the Academy.

### **6. Purchasing**

6.1 CIT will attempt to achieve the best value for money from all purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible.



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A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- 6.1.1 Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- 6.1.2 Accountability, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
- 6.1.3 Fairness, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

CIT will work closely with all the Academies within the Trust to support the development of cross-Trust buying power.

### 6.2 **Framework**

- 6.2.1 Should orders be raised against Government Frameworks such as ESPO, then the normal practice of getting two written quotes for orders below £3,500 may be overlooked and only one price is required from said Framework supplier. There may also be occasions where it is only possible to get quotes from one supplier. A statement to this effect will be written and signed off by the Finance Team.
- 6.2.2 This is at the discretion of the person wishing to raise an order who may feel that, as per best practice and under the stipulations of point 6.5, two quotes should be obtained.
- 6.2.3 For the continuation of the use of Frameworks it is advisable that at regular intervals prices are double-checked against the market to ensure best value for money.
- 6.2.4 For the continuation of the use of Frameworks it is advisable that at regular intervals service levels and quality are checked to ensure sub-standard services and goods are not being delivered and, as such, the Trust may not get the best value for money.

### 6.3 **Contracts**

- 6.3.1 If it is known that more than one order may need to be placed for goods which require quotes, it may be prudent to enter into a longer-term contract with the supplier who has been awarded the business.
- 6.3.2 Contract lengths:
  - 6.3.2.1 Minimum length – No minimum length is required, but dependent on time taken to seek quotes/tenders, negotiate terms, value of the order and subsequent requirements, it would be prudent to set this at no less than 6 months.
  - 6.3.2.2 Maximum length – 36 months (3 years).
  - 6.3.2.3 Rolling contracts – It is advisable to set a maximum time frame on the contract, but state when negotiating that the contract should run on a monthly rolling basis and that the Trust has the right to give 30 days'

notice of cancellation of said contract at any time during the agreed period with no get out clauses or penalties. That the supplier has to give a minimum of 60 days' notice of termination and must complete any and all on going commitments or be liable for any and all costs arising for breach of commitment.

### **6.3.3 Due Diligence during Contracted Period**

6.3.3.1 Prior to entering a contract with a supplier, a meeting should be arranged with said supplier to ascertain the following information:

- Financial stability – Profit and Loss accounts for the current and previous two full years should be checked by the Chief Financial Officer.
- Ability to fulfil the agreed commitment and any future requirements within the Trust as a whole.
- Quality of product through samples and site visits where appropriate.

6.3.3.2 During the contracted period and at a maximum of 12-month intervals, the supplier should be audited to ensure that there have been no changes to the initial agreement and circumstances of the supplier. The Trust should also endeavour to monitor service and price levels through KPIs, with a view to continuing or terminating the contract as appropriate.

## **6.4 Charge Cards**

6.4.1 Where appropriate, the Academy charge card can be used to make payments. This should only be used in the following circumstances:

- 6.4.1.1 if a cost saving and efficiency of ordering can be demonstrated,
- 6.4.1.2 the item is of low value,
- 6.4.1.3 for costs where an invoice is unavailable (e.g. course fees/travel costs),
- 6.4.1.4 if a supplier does not offer credit,
- 6.4.1.5 in cases of emergency when no other forms of procurement/payment are available.

6.4.2 All items apart from that of the charge card holder must be approved in advance via the relevant form and in accordance with the Scheme of Delegation, with the exception of immediate need transactions such as parking and underground charges.

6.4.3 All charge card holders must sign and complete an Acceptable User Policy declaration prior to cards being issued. Charge card purchases are limited as outlined in the Scheme of Delegation detailed in the Financial Operating Procedures Handbook.

6.4.4 All charge card withdrawals are subject to a £200 daily limit. Charge card withdrawals should be a last resort and alternatives must have first been

considered. Before withdrawing any amount of cash, it must be approved by the Central Finance Team by means of a payment request form. Failure to follow these conditions may result in withdrawal of the charge card from the user.

## 6.5 **Routine Purchasing**

6.5.1 Budget holders will be informed of the budget available to them at least one month 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.

6.5.2 All requests for purchase orders should be completed using a Purchase Order requisition form and signed in accordance with the Scheme of Delegation unless:

6.5.2.1 It is in respect of utilities, rates, subscriptions or catering,

6.5.2.2 It is a low-cost item of <£100,

6.5.2.3 The cost is related to trip expenditure,

6.5.2.4 A formal contract has been entered into whereby other means of approval are valid,

6.5.2.5 An alternative process has been agreed with the Central Finance Team.

## 6.6 **Forms of Tenders**

6.6.1 There are three forms of tender procedure: open, restricted and negotiated, and the circumstances in which each procedure should be used are described below:

6.6.1.1 Open Tender: This is where all potential suppliers are invited to tender. The Head Teacher must discuss and agree with the School Operations Manager how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

6.6.1.2 Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the Academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

6.6.1.3 Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,

- extreme urgency exists,
- it would build on previous works already done (e.g., previous supplier knowledge of site specifics),
- additional deliveries/services by the existing supplier are justified.

## 6.7 **Preparation for Tender**

6.7.1 Full consideration should be given to:

- 6.7.1.1 objective of project,
- 6.7.1.2 overall requirements,
- 6.7.1.3 technical skills required,
- 6.7.1.4 after sales service requirements,
- 6.7.1.5 form of contract.

6.7.2 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

## 6.8 **Invitation to Tender**

6.8.1 If a Restricted Tender is to be used, then an invitation to tender must be issued. If an Open Tender is used, an invitation to tender may be issued in response to an initial enquiry.

6.8.2 An invitation to tender should include the following;

- 6.8.2.1 introduction/background to the project,
- 6.8.2.2 scope and objectives of the project,
- 6.8.2.3 technical requirements,
- 6.8.2.4 implementation of the project,
- 6.8.2.5 terms and conditions of tender and,
- 6.8.2.6 form of response.

## 6.9 **Aspects to Consider**

6.9.1 Financial

6.9.1.1 Like should be compared with like and if a lower price means a reduced service or lower quality, this must be borne in mind when reaching a decision.

6.9.1.2 Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

6.9.1.3 Is there scope for negotiation?

### 6.9.2 **Technical/Suitability**

6.9.2.1 Qualifications of the contractor,

6.9.2.2 Relevant experience of the contractor,

6.9.2.3 Descriptions of technical and service facilities,

6.9.2.4 Certificates of quality/conformity with standards,

6.9.2.5 Quality control procedures,

6.9.2.6 Details of previous sales and references from past customers.

### 6.9.3 **Other Considerations**

6.9.3.1 Pre-sales demonstrations,

6.9.3.2 After sales service,

6.9.3.3 Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts, etc.

## 6.10 **Tender Acceptance Procedures**

6.10.1 The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be recorded with the time and date upon receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

## 6.11 **Tender Opening Procedures**

6.11.1 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

6.11.1.1 For contracts up to £50,000 - the Senior Leadership Team member/Head Teacher or the School Operations Manager or a member of CIT Finance Team;

6.11.1.2 For contracts over £50,000 - either the School Operations Manager or the Senior Leadership Team member/Head Teacher and a member of CIT Finance Team or a member of the FAE/Local Governing Body.

6.11.2 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

## 6.12 **Tendering Procedures**

- 6.12.1 For CIT and individual Academies, the evaluation process for tendering should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.
- 6.12.2 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.12.3 Full records should be kept of all criteria used for evaluation of all contracts. For contracts over £50,000 a summary should be prepared for the FAE reporting to the Trust Board (Trust level) highlighting the relevant issues and recommending a decision. It is normal practice within the Trust/Academy that contracts that will have a significant material impact, regardless of whether they are over the appropriate thresholds, are discussed at Trust Board/FAE and approval is gained before work is undertaken (e.g., irregular work, sets a precedent, key staffing, etc.).
- 6.12.4 Where required by the conditions attached to a specific grant from the DfE, the Department's approval must be obtained before the acceptance of a tender.
- 6.12.5 The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

## **7. Income:**

- 7.1 The main sources of income for the Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the School Operations Manager who is responsible for ensuring that all grants due to the Academy are collected.
- 7.2 The Academy also obtains income from:
- 7.2.1 students, mainly for trips and lunches,
  - 7.2.2 fundraising and other grant income,
  - 7.2.3 the public, mainly for sports lettings and use of accommodation.
- 7.3. **Trips and School Lunches**
- 7.3.1 A trip organiser must be appointed for each trip to take responsibility for liaising with the School Operations Manager regarding costs and organising the collection of sums due.
- 7.3.2 Payments for school lunch are recorded individually by administrative staff. A record of the lunches paid for is kept electronically. All monies are checked and then passed to the School Operations Manager or appointed delegate for paying in to the bank.

## **7.4 Lettings**

7.4.1 The School Office/Site Manager is responsible for maintaining records of bookings of sports facilities and other accommodation and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

7.4.2 No debts should be written off without the express approval of the Senior Leadership Team member and CIT Finance Team or Accounting Officer or FAE (the Trust and ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter or the value set in this Handbook). Refer to Annexes B and C.

7.4.3 Organisations using the facilities of the Academy should be instructed to send all payments to the Academy Office.

## **8. Cash Management:**

### **8.1 Bank Accounts**

8.1.1 The opening of all Trust and Academy accounts must be authorised by the Accounting Officer who must set out, in a formal memorandum, the arrangements 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.

### **8.2 Deposits**

8.2.1 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book.

### **8.3 Payments and withdrawals**

8.3.1 All cheques authorising withdrawal from Trust bank accounts must bear the signatures of two of signatories from any group A or B for up to £5,000 and either one from group A and one from group B or two from group B for payments over £5,000 (see bank mandate for groups).

8.3.2 All BACS payments must be approved by the Head Teacher for Academies and Central Operations Manager for the Trust Support Hub. Payments are made via the bank account from two different signatories from the Central Finance Team as per the Scheme of Delegation.

8.3.3 This provision applies to all accounts, public or private, operated by or on behalf of the Local Governing Body of the Academy. Wherever possible, there should be a different signatory to payments than that of the authoriser of the purchase.

### **8.4 Petty Cash Accounts**

8.4.1 The Academies are permitted to maintain a maximum petty cash balance as agreed with the CIT Finance Team. This will be agreed on an individual basis. Any higher cash amounts held should be in exceptional circumstances (e.g. float for school trips) and approved and detailed by the School Operations Manager. Details should be justified and a clear rationale presented and approved by the CIT Finance Team.

## 8.5 **Deposits**

8.5.1 The only deposits to petty cash should be from cheques cashed specifically for the purpose or cash receipts used to top up the float. All other cash receipts for whatever reason should be paid directly into the bank. The Trust does not permit the cashing of personal cheques in any circumstances.

## 8.6 **Administration**

8.6.1 The School Operations Manager or appointed delegate is responsible for entering all transactions into the petty cash records on a regular basis.

## 8.7 **Physical Security**

8.7.1 The Academy petty cash should be held in a locking cash box which is placed in the Academy safe overnight.

## 8.8 **Cash Flow Forecasts**

8.8.1 The Central Finance Team are responsible for preparing cash flow forecasts to ensure that the Trust/Academy has sufficient funds available to pay for day-to-day operations. Where cash flow forecasts predict a lack of available funds to service commitments, this should be notified to the Chief Executive Officer immediately.

## 8.9 **Debt Recovery**

8.9.1 As part of its management of public funds, the Trust will take all reasonable steps to ensure that all debts owed to it are collected. The purpose of this policy is to guide the Head Teacher and Finance function in recovering debts and ensuring that outstanding debts do not become bad debts.

8.9.2 To ensure the collection of debts, the Trust will keep a record of all services supplied, their value, the date and the name of the debtor, and ensure that any invoices raised state the date by which payment is due. It is expected that all invoices will be paid on time and in full. If this is not possible, debtors should contact the Head Teacher or School Operations Manager to make alternative arrangements for payment.

8.9.3 Each Academy within the Trust will actively pursue debtors for the collection of income owed to it. If a payment is overdue, the following actions will be taken:

- Initial reminder – An informal telephone reminder will be made when a payment is two weeks late.
- First reminder letter – This formal letter will be sent when a payment is 30 days overdue.
- Second reminder letter – This will be sent two weeks after the first reminder letter if no payment is received. This letter should be sent by Recorded Delivery.
- Failure to respond after two reminders have been sent – If no payment is received a letter will be sent to the debtor advising them that the matter may be placed in the hands of the school's solicitors.



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- Failure to respond after three reminders have been sent – If no payment is received the school will consider placing the matter in the hands of its solicitors.

8.9.4 It is anticipated that debts will be settled promptly and in a single payment after the first reminder letter has been received. The debtor may be required to pay any additional costs incurred by the Trust as a result of collecting this debt. Interest may be charged from the due date at the Bank of England Base Rate + 2%.

8.9.5 The Senior Leadership Team member/Head Teacher and CIT Finance Team are responsible for ensuring that the total value of outstanding debt is known at all times.

### 8.10 **Bad Debts**

8.10.1 Bad debts are only written off when the Academy has followed all possible procedures to ensure their recovery.

8.10.2 The Academies Financial Handbook provides the following guidance regarding the writing off of debts and losses, including any uncollected fines:

8.10.2.1 1% of the academy's total annual income or £45,000, whichever is smaller per single transaction, may be written off after the Academy has taken all possible steps to recover the money. Grant income is based on the figure in the last set of audited accounts. Academies that have not yet produced audited accounts need to contact the Education & Skills Funding Agency (ESFA).

8.10.2.2 Cumulatively:

- For Academies that have submitted timely, unqualified financial returns for the previous two financial years, 5% of total annual income in any one financial year per category of transactions may be written off.
- For Academies that have not submitted timely, unqualified financial returns for the previous two financial years, 2.5% of total annual income in any one financial year per category of transaction may be written off.

8.10.2.3 The Academy must seek and obtain the explicit and prior approval of the Education Secretary, through the ESFA, for transactions above these limits.

8.10.2.4 Records of debts that have been written off will be retained for six years plus the current year.

8.10.2.5 Any debtors that fail to settle a debt will be informed that in future they will be required to pay for any services in advance.

## 9. **Fixed Assets:**

### 9.1 **Asset Register**

9.1.1 All items purchased with a value over the Academy's capitalisation limit must be entered in an asset register (This also includes group purchases totalling the Academy's capitalisation limit and multiple items which may be below the limit, but in total exceed the limit on the invoice).

9.1.2 Depreciation is calculated using the straight-line basis over its expected useful life as detailed in the Operational Procedures Manual.

## 9.2 **Security of assets**

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

9.2.2 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly. Where greater than £1,000, these should be reported to the Governing Body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it, this should be noted.

## 9.3 **Disposals**

9.3.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by a Senior Leadership Team member/Head Teacher up to £5,000 and, where original cost >£10,000, by the CIT Finance Team and FAE. The Academy must seek the approval of the DfE (via CIT) in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

9.3.2 Disposal of equipment to staff is not permitted, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment.

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

9.3.4 All disposals must achieve best value as also detailed in the Academies Financial Handbook.

9.3.5 All disposals of land must be agreed in advance with the Trust, Secretary of State and the Local Authority.

## 9.4 **Loan of Assets**

9.4.1 Items of Academy property must not be removed from Academy premises without the authority of the Head Teacher. A record of property loan must be recorded in a property loan book and booked back in at the Academy when it is returned. This does not apply to laptops which are used in the Academy and taken home on a daily basis.

9.4.2 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. Property loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

## **10. Reserves, Investment and Cash Flow:**

### **10.1 Cash Flow and Investment**

10.1.1 Adequate cash balances must be maintained in the current account to cover day to day working requirements. Regular short term and longer-term cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to comply with bank current account requirements and to meet all short term and long-term future cash commitments. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested.

10.1.2 Any such investment requires approval of and must be recorded in the minutes of the FAE and the CIT Trust Board. When considering any proposed investment, due regard will be given to minimising risk of loss in capital value and protection against inflation.

10.1.3 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.

10.1.4 Please also see the Treasury Management Policy for more detailed information.

### **10.2 Reserves**

10.2.1 Please see the separate Reserves Policy for information.

## **11. Risk Management:**

11.1 The CEO will present a risk register to the FAE for approval for any financial implications therein.

11.2 At a minimum the register will require significant risks faced by the Trust to be documented using a suitable risk map and matrix; in addition, the Governing Body will be required to consider all significant risks and mitigations at least once per academic year.

## **12. Insurance:**

12.1 Insurance arrangements and levels of cover will be reviewed annually by the CIT Finance Team for all Academies, and arrangements will be made to ensure the Academy's assets and activities are properly insured in accordance with good practice and ESFA requirements.

## **13. Gifts, Hospitality and Confidentiality:**

13.1 Community Inclusive Trust is committed to the highest levels of integrity, openness and

fairness in all of its business transactions. All employees, Trustees and Governors are expected to maintain the high standards of propriety and professionalism in all their dealings and to avoid any conflicts of interest.

13.1.1 Governors and employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Academy by maintaining an unimpeachable standard of honesty and integrity in all their business relationships.

13.1.2 Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Academy in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing.

13.1.3 Employees, Trustees and Governors should take extreme care to ensure that they are not open to accusations of bribery and corruption. CIT is committed to complying with the Bribery Act 2010 which makes it a criminal act to:

13.1.3.1 Offer, promise or give a bribe,

13.1.3.2 Request, agree to or accept a bribe,

13.1.3.3 Fail to prevent bribery by those associated with an organisation who are trying to gain an advantage for that organisation.

13.1.4 Non-compliance with this Policy is a disciplinary offence and could lead to dismissal without notice.

13.1.5 If there is any doubt about how to apply this Policy, guidance should be sought from the Chief Financial Officer or Chief Executive Officer.

## 13.2 **Scope**

13.2.1 This Policy applies to all individuals working in CIT Schools and to individuals working in CIT offices, as well as CIT members, Trustees and Governors. The Policy applies to the receipt and offer of gifts, awards, hospitality and benefits.

13.2.2 The underlying principles of the Policy are as follows:

13.2.2.1 Staff, Trustees and Governors should exercise extreme caution when accepting or giving gifts and hospitality whilst conducting CIT business. They should not use their position for the personal gain of themselves or others.

13.2.2.2 Under no circumstance should gifts, awards, hospitality and benefits be accepted where there is a risk that it might be seen as an attempt to influence a business decision, or where personal integrity may be compromised.

13.2.2.3 Gifts and hospitality of low value up to £50 can be accepted, subject to certain conditions. Higher value gifts above £50 may be permitted subject to approvals, but must be recorded. Further details are outlined below.

### 13.3 **Gifts**

- 13.3.1 Gifts include items, services, prizes or other benefits which are received free of charge or are offered to the individual on terms which are not available to the general public. Examples of gifts that should not be accepted are gifts of cash and gifts from a supplier immediately before or during a competitive tender exercise.
- 13.3.2 Gifts that are accepted on behalf of the Academy/CIT remain the property of the Academy/CIT. Gifts or items that are sent free of charge as part of a special offer when purchasing goods on behalf of the Academy/CIT belong to the Academy/CIT and must be used accordingly.
- 13.3.3 Employees are permitted to accept gifts, rewards or benefits from members or the public or organisations which the academy has official contacts only where they are isolated gifts of a trivial character, or inexpensive seasonal gifts (such as diaries or calendars). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to affect a business decision. Staff must not accept gifts where there is any possibility that their professional integrity may be compromised.
- 13.3.4 It is common for students and their parents or carers to give gifts as a small token of appreciation or as a thank you to members of staff at certain times throughout the academic year. Staff may accept gifts from students and their parents or carers provided that they meet this definition.
- 13.3.5 All acceptances of gifts and acts of hospitality other than a nominal value (up to £50) must be noted in the Academy's register of hospitality and gifts. Any member of staff receiving a gift with a value of greater than £50.00 should inform the Chief Financial Officer who will then decide whether the gift can be accepted. If approved, it should then be recorded in the Gifts and Hospitality Register.
- 13.3.6 Staff should make the Senior Leadership Member/Chief Financial Officer/Chief Executive Officer aware of any student who is giving them gifts on a regular basis, or any student or parent or carer who expects something in return for a gift, as this would not be acceptable.
- 13.3.7 If not accepting a gift could be seen as causing offence, for example for cultural reasons, the item should be accepted. The matter should then be brought to the attention of the CIT Chief Financial Officer as soon as possible who may decide to return the gift, or may donate it to a charitable cause.
- 13.3.8 If there is any doubt as to the appropriateness of accepting a gift, the matter should be referred to the Chief Executive Officer or Chief Financial Officer for further guidance.
- 13.3.9 It is not CIT's standard practice to give gifts to individuals or organisations. If gifts are given, staff must ensure that the reasons for the decision are clearly recorded in the Gift and Hospitality Register.
- 13.3.10 This does not apply to the award of gifts and prizes related to the achievement of pupils.

- 13.3.11 Long service awards given to staff will be awarded in line with the terms and conditions of their employment contract and HR policies. These must be approved by the Head Teacher/Senior Leadership Team member, follow the usual purchasing processes for the award to be purchased, and entered in the Gifts and Hospitality Register.

#### **13.4 Hospitality**

13.4.1 Hospitality includes food, drink, accommodation, entertainment or the opportunity to attend sporting or cultural events provided free of charge or on terms not available to the general public.

13.4.2 Conventional hospitality (lunches, outings, tickets for events, etc.) may be accepted, provided that it is normal and reasonable in the circumstances. Such invitations should not therefore be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision. Hospitality should not be accepted from a supplier immediately before or during a competitive tender exercise.

13.4.3 Where purchased items include a “free gift”, such gifts should be either used for Academy business or handed to the Academy to be used at charity raffles etc.

13.4.4 It is acceptable to provide and receive hospitality such as teas and coffees for staff and visitors. Modest working lunches for meetings for external business colleagues only is also acceptable. Lunches should not be provided for visiting staff for meetings, unless prior approval has been given by the Central Finance team. These do not need to be recorded in the Gifts and Hospitality Register.

13.4.5 Acceptable examples of hospitality and entertainment include:

13.4.5.1 Hospitality or entertainment up to £50,

13.4.5.2 Hospitality or entertainment above £50 which has been specifically authorised by Chief Executive Officer/Chief Financial Officer and recorded in the Gifts and Hospitality Register,

13.4.5.3 Lunches and refreshments in the course of the Trust’s business,

13.4.5.4 Invitations to attend charity or fund-raising events as a guest if considered to be for a good cause and of reciprocal benefit to the Trust.

13.4.6 Hospitality above these levels will require prior authorisation by the Senior Leadership Team members/Chief Executive Officer/Chief Financial Officer and must be recorded in the Register.

#### **13.5 Gifts and Hospitality Register**

13.5.1 A Gifts and Hospitality Register must be maintained in each Academy and Central CIT offices.

13.5.2 All acceptances of gifts and acts of hospitality other than a nominal value (up to £50) must be noted in the Academy’s register of hospitality and gifts. The

Register must include for each gift or item of hospitality both received and declined, the date received or declined, a description, estimated monetary value, name of the donor and recipient, name of approver and date of approval, along with any supporting comments. Alongside the Register, a record should also be kept of the authorisation given and reasons why (for example, a copy of the email confirmation).

13.5.3 The Register must be available for inspection at any time by the School Operations Manager, Chief Financial Officer or Chief Executive Officer.

13.5.4 The Register must be submitted to the Chief Financial Officer at the end of each financial year for review and consolidation.

**14. Confidential Reporting:**

14.1 The Trust will maintain a confidential reporting policy, approved by the Governing Body, which will provide a basis on which employees can raise any concerns that they may have, and receive feedback on action taken and gives protection from reprisals or victimisation for 'confidential reporting' in good faith.

14.2 GDPR compliance by a separate GDPR Policy.

**15. Appendix 1 – Finance, Audit & Estates Committee (FAE) Terms of Reference:**

15.1 In accordance with the Articles of Association, the Master Funding Agreement and the Academies Financial Handbook issued to the CIT by the DfE and the ESFA the Community Inclusive Trust Board has established a combined finance and audit committee – the Finance, Audit & Estates Committee (FAE) - the members of which are appointed by the CIT Trust Board.

15.2 The duties delegated to the FAE, for ultimate approval by the Trust Board, include the following:

15.2.1 Monitoring and review of CIT's overall financial strategies,

15.2.2 Approval of budget,

15.2.3 Monitoring and review of historic, current and projected levels of revenue and capital income and expenditure across CIT and performance against budgets,

15.2.4 Monitoring and review of the current and projected cash position,

15.2.5 Approval of income and expenditure contracts in accordance with the Academies Financial Handbook,

15.2.6 Ensuring that procurement procedures are being followed correctly,

15.2.7 Approval of all banking, funding and investment arrangements,

15.2.8 Advising on the financial implications of the acquisition and disposal of all assets including land and property, and proposals for the development of CIT's estate,

15.2.9 Monitoring the adequacy and effectiveness of the Academy's systems of internal financial control for ensuring operational economy, efficiency, effectiveness,

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- 15.2.10 Advising on the appointment, re-appointment, dismissal, remuneration, scope and programme of work and reports of both the internal audit service and the statutory (external) auditor,
- 15.2.11 Approval of the annual financial statements,
- 15.2.12 Monitoring and advising on any alleged fraud and irregularity in the Academy's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up,
- 15.2.13 Advising on changes in financial regulations.

### 15.3 **Composition of the Committee**

15.3.1 The Academies Financial Handbook 2018, as issued by the ESFA, states in para 2.9.3 that where a Trust operates a combined finance and audit committee, as in the case of CIT, employees may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions.

15.3.2 There are two categories of membership of the FAE, both of which are suitably authorised and appointed by the CIT Trust Board:

- 15.3.2.1 Full Members - non-employees who are also Trustee Directors of the CIT Trust Board, (Minimum 3) and who may vote on all matters discussed or brought before the FAE.
- 15.3.2.2 Full members – non employees who are members of a Local School Board of one of the Trust's schools (Maximum 1)
- 15.3.2.2 Associate Members - who may not vote on audit matters (nor on any other matters if so decided by a majority of the FAE Full Members present, and may also be asked to withdraw from the meeting in such circumstances) but are nevertheless permanent members of the FAE who may attend as and when other commitments allow. They include the CIT CEO and the CIT CFO.

15.3.3 In addition to the above, the FAE may from time to time invite other attendees, employees and non-employees, to any meeting to provide information and participate in discussions for all or part of the meeting:

- 15.3.3.1 The FAE shall have as many Members as is determined from time to time and suitably authorised by the CIT Trust Board,
- 15.3.3.2 Attendance at a meeting of at least three Full Members constitutes a quorum,
- 15.3.3.3 The Chair of any FAE meeting shall be appointed by a majority vote of the Full Members in attendance at the meeting,
- 15.3.3.4 A vote of the Chair ranks pari-passu with those of any other Full Member present,



15.3.3.5 Appointments to the committee shall be for a period of up to four years, which may be extended for further periods of up to four years, provided that criteria for membership is still met,

15.3.3.6 FAE meetings shall be attended by the Clerk to the Board of Trustees, who shall take minutes of the discussions.

#### **15.4 Frequency of Meetings**

15.4.1 Meetings shall be held at least three times per year and on the basis of a predetermined timetable agreed by the FAE in meeting. Additional meetings may be held in order to meet urgent business requirements, upon notification to the Clerk to the Board of Trustees or to the FAE Chair of any Full or Associate Member supported by at least 2 other Full or Associate Members.

#### **15.5 Agendas and Notices of Meetings**

15.5.1 Agendas shall be prepared by the Clerk to the Board of Trustees and approved by the FAE Chair prior to issue. Agendas will always contain items such as apologies, determination of quoracy, declarations of interest, approval of the previous minutes and matters arising from the previous minutes. Inclusion of any other item may be requested by any Full or Associate Member, such inclusion being at the discretion of the FAE Chair.

15.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each Full and Associate Member of the FAE and to the Chair of the CIT Trust Board, no later than five working days before the meeting.

#### **15.6 Minutes of Meetings**

15.6.1 The Clerk to the Board of Trustees shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance, and prepare minutes for distribution.

15.6.2 Minutes shall be approved and signed by the FAE Chair prior to distribution, and the FAE Chair will determine the distribution, which will always be to all Full Members and to the Chair of the CIT Trust Board (whether present at the meeting or not), will normally be to all Associate Members and may be to others present (in full or in part), depending on interests in matters discussed and requirements to ensure appropriate confidentiality.

15.6.3 Minutes should be completed, approved and distributed within three weeks of the meeting.

15.6.4 The minutes of meetings of the FAE shall be considered at the next CIT Trust Board meeting following distribution. Where a CIT Trust Board meeting is scheduled to follow within three weeks of the FAE meeting, the FAE Chair shall ensure that the CIT Trust Board Chair is aware any matters discussed which should be brought to the attention of the Trust Board.

### **16. Academies Financial Handbook**

## Community Inclusive Trust **Financial Management Policy**

Any employee as part of their roles and responsibilities that are referring to this document must also have an understanding and knowledge of the Academies Financial Handbook. If the Academies Financial Handbook differs from these procedures, please bring it to the attention of the Central Finance Team. The link to the Academies Financial Handbook is below.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/811261/Academies\\_Financial\\_Handbook\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811261/Academies_Financial_Handbook_2019.pdf)

### **17. Amendments to the Document:**

Amended Existing Financial Management Policy Last Approved by FC on 09-Feb-17 Minute No. 71/75.

Amended Existing Financial Operational Procedures Handbook Policy Last Approved by FC in March 19.

Amended Existing Financial Management Policy and Existing Financial Operational Procedures Handbook August 2019 Approved SLT September 2019

Amended Existing Financial Management Policy Approved F&FAC 24/2/2020

Added point 4.7. Virements Policy 04/03/2020

Amendments to Existing Finance Policy – Various as a result of annual changes 1/10/2020

## **The Community Inclusive Trust Financial Management Policy**

This Policy has been approved by the Finance, Audit & Estates Committee

Signed..... Name..... Date:

Chair of the Trust Board

20 October 2020

Signed..... Name..... Date:

Chief Executive Officer