



# Financial Management Policy

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## Community Inclusive Trust Financial Management Policy

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### **1. Introduction**

- 1.1 The purpose of this document is to ensure that the Community Inclusive Trust (CIT) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Department for Education (DfE) and are in accordance with CIT's Articles of Association.
- 1.2 Each academy within CIT must comply with the principles of financial control outlined in the academy's guidance published by the DfE in the Academy Funding Agreement and the Academies Trust Handbook (ATH). This policy expands on that and provides detailed information on the Trust's accounting procedures and systems.
- 1.3 The Trust and all academies within the Trust aim to operate in a transparent, ethical and accountable way which will promote effective management
- 1.4 This policy should be read alongside the **Financial Operational Procedures Handbook**, and in conjunction with the following Trust policies:
  - Anti-Fraud, Theft, Bribery & Corruption Policy
  - Bursary Policy (this is at school level)
  - Charging and Remissions Policy
  - Ethical Procurement Policy
  - Lettings Policy
  - Procurement Policy
  - Reserves Policy
  - Travel and Expenses Policy
  - Treasury Management Policy
  - Whistleblowing Policy
- 1.5 This policy will be regularly reviewed (at least annually) and any changes must be approved by Trustees.
- 1.6 This policy applies to the Trust as a whole and to each individual academy within it. It must be read and understood by all staff, trustees, and members who are involved in financial transactions or involved in any decision which could lead to a financial impact. As the Trust is responsible for managing public funds, the duty of care required is set at a very high standard.
- 1.7 Instances of non-compliance with this policy will be reviewed by the Chief Finance & Operations Officer and if considered serious, will be reported to the Trustees.

### **2. Principles**

- 2.1 In accordance with the Academy Trust Handbook, the Trust must ensure that spending decisions represent value for money in accordance with The Seven Principles of Public Life, namely:
  - **Selflessness** - Holders of public office should act solely in terms of the public interest.

- **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty** - Holders of public office should be truthful.
- **Leadership** - Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

### **3. Organisation and Responsibilities**

3.1 The Community Inclusive Trust (CIT) is a Multi Academy Trust. The Trust is a company limited by guarantee with charitable status and is governed by the Trust Board.

3.2 The Trust has defined the responsibilities of each person involved in the administration of both Trust level and individual academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, governors and staff.

3.3 The key financial responsibilities within the Trust are outlined in the Trust's Scheme of Delegation. The main areas of responsibility are outlined below:

3.4 **The Trust Board** has overall responsibility for the management and administration of the Trust's finances. The CIT Board is led by the "Chair". The Board is responsible for managing the financial affairs of the Trust to ensure that funds are used in accordance with charity law, company law, the funding agreement, and the ATH. The main DfE prescribed responsibilities are set out in the Master Funding Agreement between CIT and the DfE and include:

- appointment of Senior Executive Leader/Accounting Officer, Chief Finance & Operations Officer, Clerk to the Board of Trustees, Finance Committee, Statutory (external) Auditor,
- ensuring that educational grants are used only for the purposes intended,
- managing budgets to be balanced, and annual approval of those budgets,
- approval and issuing of annual audited accounts to DfE,
- instructing and reviewing internal audit requirements and reports to ensure high internal rigour,
- appointment of Academy Head Teachers.

3.5 **The Finance & Estates (FE) Committee and Audit & Risk (AR) Committee** are committees of the CIT Trust Board with overall responsibility for providing assurance over the suitability of, and compliance with, the Trust's financial systems and operational

controls. Members of the FE Committee and AR Committee are appointed by the Trust Board.

The ATH states that the Trust should have a finance committee to which the board delegates financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern.

Trusts with an annual revenue income over £50 million (based on their last audited accounts) must have a dedicated audit and risk committee. Other trusts must either have a dedicated audit and risk committee or can combine it with another committee, such as finance.

The CIT Trust Board has established a Finance and Estates Committee (FE) and an Audit and Risk Committee (AR) to oversee and advise the Trust Board on all matters of finance, audit and risk as appropriate (see Appendix 1 for terms of reference, key duties and membership aspects of the FE and AR).

- 3.6 **The Chief Executive Officer (CEO) is also the Accounting Officer (AO).** The AO role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament and to DfE's accounting officer for the trust's financial resources. The AO is required to submit to the DfE an annual statement indicating the Trust has secured value for money. The AO / CEO is not a member of the Trust Board.

The CEO delegates the financial management to the Chief Finance & Operations Officer (CFOO) while retaining ultimate responsibility.

- 3.7 **The Chief Finance & Operations Officer (CFOO)** acts as the Trust's finance director, business manager, or equivalent. The CFOO is the Trust's lead on all financial matters and is responsible for:

- ensuring sound and appropriate financial governance and risk management arrangements are in place,
- leading the preparation, setting, and monitoring of budgets,
- overseeing the preparation and delivery of the Trust's annual accounts,
- working in close collaboration with the academy Head Teachers through whom he/she is responsible to the CEO and the Board.

While the CFOO plays a central role in supporting the Trust Board and senior leadership team with financial expertise and guidance and has direct access to the Board via the FE and AR committees, the CFOO is not a member of the Trust Board.

- 3.8 **The Deputy Chief Finance Officer (DCFO)** supports the CFOO in ensuring effective financial management across the Trust, assisting with financial governance, budgeting, forecasting, risk management, and preparation of accounts, and deputises for the CFOO when required. The DCFO helps oversee the team of School Operations Managers (SOMs), ensuring robust day-to-day operations and compliance with statutory and regulatory requirements.

- 3.9 **The Management Accountant** provides timely and accurate financial reporting, analysis, and advice to support decision-making across the Trust. The role includes preparing management accounts and ensuring compliance with internal controls and statutory requirements.

3.10 **The Local School Boards** do not have any delegated responsibility for the administration of the Academy's finances. Instead, the Trust Board delegates financial responsibility to the CEO and CFOO who are advised by the FE and AR. Local School Boards' responsibilities are documented in the Scheme of Delegation.

3.11 **The Head Teacher**

Within the framework of the academy development plan as approved by the Directors of Education, the Head Teacher has overall executive responsibility for the academy's activities, including some financial activities. With the support of the CEO, CFOO and DCFO, the Head Teacher's main responsibilities include:

- ensuring that income relating to the charitable objects of the Trust is used only for the purposes intended,
- adopting financial prudence in managing the financial affairs of the Trust in so far as the these relate to the Academy and are delegated to them,
- understanding the annual budget and monitoring financial performance in conjunction with the School Operations / Business Manager,
- reviewing and approving data for submission to the Trust,
- considering reports from the Academy, FE, AR or equivalent body.

3.12 **The Central Operations Manager** reports to the CFOO and works with the Executive Leadership Team (ELT) in managing the central budget, as well as the Trust investment portfolio, and providing finance support for all finance staff.

3.13 **The School Operations / Business Manager (SOM / SBM)** reports to the DCFO / CFOO and works in close collaboration with Head Teachers and Executive Leadership Team (ELT) in managing the budget, and in the day-to-day financial and operational management, of the academy.

3.14 **Finance Administrators and school office staff, as well as budget holders** play a key role in providing day to day support to the academy, the centre and the Trust as a whole.

3.15 **Internal Audit** is a continuous process within the management of CIT's financial affairs by the finance team. This continuous process is supplemented by the commissioning of a programme of internal audits by external service providers.

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

3.16 All staff, partners, sub-contractors, and suppliers with access to Trust or Academy assets have financial responsibilities. They must ensure the security of property, prevent loss or damage, use resources economically and efficiently, and comply with the Trust's financial procedures.

#### **4. Register of Interests / Related Parties**

- 4.1 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all members, trustees, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register for members, trustees and governors is open to public inspection and the updated register will be published on the Trust or relevant school website on an annual basis.
- 4.2 The register should include 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 governor or a member of staff by that person.
- 4.3 The register of pecuniary and personal interests should be presented to the Board on an annual basis.
- 4.4 The existence of a register of business interests does not, of course, detract from the duties of members, trustees and staff to declare interests whenever they are relevant to matters being discussed by the CIT Trust Board or a committee. Where an interest has been declared, members, trustees, governors and staff should not attend that part of any committee or other meeting.
- 4.5 Related Party transactions will only be entered into within the restrictions of the ATH and will be subject to approval of the Board.

#### **5. Accounting and Purchasing System**

- 5.1 All the financial transactions of the Trust must be recorded on IRIS (PS Financials) accounting and purchasing system and the IMP budget software system, operated by the finance teams for each academy.
- 5.2 **Retention of Financial Records**  
Financial records must be retained for a minimum of six years, plus the current year, in accordance with the requirements of HMRC.
- 5.3 **System Access** is controlled by the central finance team through secure user accounts and is password restricted. It is the responsibility of all system users to keep their password secure. Access to the system is password protected, and password changes are implemented on a regular basis. Where it is suspected that unauthorised access to the system has taken place, the FE shall be notified immediately.

Reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the Trust is removed as soon as the staff member leaves.

Access to the component parts of the Accounting and Purchasing system can be restricted and the Central Operations Manager (with DCFO and Management Accountant

as back-up) is responsible for setting access levels for all members of staff using the relevant system.

5.4 **Approved users** will have varying levels of system access to maintain an adequate separation of duties. No user may both initiate and approve the same transaction.

5.5 Software is installed on the Trust's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected.

### 5.6 **Back-up Procedures**

The CFOO and the Strategic Lead of Technology are 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 loss of a financial system / accounting facilities or financial data.

### 5.7 **Transaction Processing, Review and Reconciliation**

All financial transactions processed through the accounting system must be authorised, transaction reports must be reviewed monthly, and reconciliations must be carried out monthly, in accordance with the procedures specified in this policy and the Financial Operational Procedures Handbook.

## 6. **Financial Planning**

6.1 The Trust prepares medium term (three years) and annual financial plans.

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

### 6.3 **Strategic Plan**

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. The strategy sets out a clear plan to secure long-term financial sustainability while ensuring that resources are managed transparently, efficiently, and in alignment with the Trust's mission to deliver exceptional education and care. The plan is the "big picture" within which more detailed plans may be integrated. This should also be in co-ordination with the annual operational plans and individual school development plans.

The Strategic Plan includes objectives for the next three years with the Finance Operational Plan giving more detail for the coming academic year. The plans should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

Each year the CFOO will propose a planning cycle and timetable to the Trust Board.

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

### 6.4 **Annual Budget**

The CFOO is responsible for preparing and obtaining approval for the annual budget and three-year forecast. The budget must be approved by the Accounting Officer, the FE Committee and the Trust Board. Once approved, the Trust must submit to the DfE an Academies Budget Forecast Return (BFR) by the end of August each year.

The Trust Board must notify the DfE using the customer help portal within 14 calendar days of its meeting, if proposing to set a revenue deficit budget for the current financial year, which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and the Academy Trust Handbook.

The CFOO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that DfE requirements regarding budget returns can be met.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year (and subsequent two years) and will detail how those resources are to be allocated. There should be a clear link between the Strategic Plan objectives and the allocation of resources.

The budgetary planning process will incorporate the following elements:

- pupil number forecasts to accurately estimate funding,
- forecasts of funding depending upon the funded high needs places from the DfE and local authorities,
- review of other income sources available to the Trust to assess likely level of receipts,
- forecast of staffing costs, based on staff levels, incremental increases and estimated pay awards,
- review of past performance against budgets to promote an understanding of the Trust cost base,
- identification of potential efficiency savings, both at school and Trust level,
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g., pay increases, inflation, and other anticipated changes,
- review of relevant Integrated Curriculum Financial Planning (ICFP) metrics,
- planned spend on strategic priorities.

Further guidance on budgetary planning is provided in the Financial Operational Procedures Handbook.

### 6.5 **Monitoring and Review**

The budget should be seen as a working document which may need revising throughout the year as circumstances change. If an unplanned cumulative deficit occurs during the financial year, the Trust must notify the DfE as soon as it is aware of this.

The Trust must prepare management accounts including an income and expenditure account identifying variations to the budget, cash flow forecasts and balance sheet every

month, setting out its financial performance and position. The Academy Trust Handbook requires that the monthly management accounts must be shared with the Chair of the Trust Board every month.

Monthly management accounts have been developed in which variances are highlighted for discussion at individual school level, prior to being consolidated into a Trust-level report. The reports detail actual income and expenditure against budget so that up-to-date end of year forecasts are available for the CFOO to review. Regular updates will be provided to the CEO, ELT, FE Committee and wider Trust Board.

The Trust Board must ensure appropriate and timely action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

Any potential overspend against budget must, in the first instance, be discussed with the CFOO and ELT.

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. If a budget overspend is forecast, it may be appropriate to transfer (vire) money from another budget or from the available contingency.

### 6.6 **Virements and Overspends**

This section sets out the framework for the management of virements and overspends across the Trust. It ensures compliance with the Academy Trust Handbook (ATH), DfE requirements, and good financial governance.

#### **Definitions:**

- **Virement:** The authorised transfer of budget provision from one budget heading to another within an approved budget.
- **Overspend:** Expenditure exceeding the approved budget allocation for a specific budget line, cost centre, or project.

Budgets are delegated to schools and budget holders with accountability for managing resources effectively. Virements provide flexibility but must not undermine financial control or strategic priorities. Overspends should be avoided; where they occur, they must be reported, investigated, and mitigated.

All decisions must support the Trust's financial sustainability and value-for-money objectives.

The budget can only be amended for virements and overspends in line with the **Financial Operational Procedures Handbook** and the **Scheme of Delegation**.

### 6.7 **Budget Virements – Authorisation**

Budget virements allow flexibility to adjust budgets in response to operational needs while maintaining strong financial control. The following rules apply:

- Virements between finance codes within either the Staffing or Non-Staffing budget areas must be authorised as set out in the table below.

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- Where a virement of over £5,000 is required to transfer budget provision between the Staffing and Non-Staffing budget areas, additional authorisation is required from the Directors of Education and the Chief Finance & Operations Officer (CFOO).
- All virements must be documented on the Budget Variation Sheet and retained for audit.

Virement Amount	Authorisation Required	Reporting
Up to £5,000 <i>All</i>	Central Operations Manager (COM) or School Operations / Business Manager (SOM / SBM)	Recorded on Budget Variation sheet
£5,001 – £10,000 <i>All</i>	Headteacher / Executive Headteacher <i>CFOO / Director for CIT / LEARN only</i>	Recorded on Budget Variation sheet
£10,001 - £50,000 <i>All</i>	CFOO <b>and</b> Director of Education	Reported to Finance & Estates (FE) Committee
Over £50,000 <i>All</i>	Chief Executive Officer (CEO) <b>with approval of</b> the Finance & Estates (FE) Committee	Reported to FE Committee and Trust Board

### 6.8 **Budget Overspends – Authorisation**

Overspends occur when actual or forecast expenditure exceeds the approved budget allocation. Robust controls are in place to ensure overspends are identified, authorised, and reported appropriately.

- Budget holders must monitor expenditure monthly and report any anticipated overspends to their School Operations/Business Manager (SOM/SBM), or the Central Operations Manager (COM) in the case of CIT central budget holders.
- Overspends are only permitted where prior approval has been given in line with the limits below.
- Where an overspend relates to **Staffing** expenditure, approval must also be obtained from the Director of Education and the Chief Finance & Operations Officer (CFOO). **Exception:** Where additional funding has been added to the budget, and that funding is expected to be spent on staffing (e.g. funding allocated on an exceptional basis, through a ringfenced grant, or high needs top-up funding allocated specifically for 1:1 care), separate approval from the Director of Education and CFOO is not required, so long as the overall revenue position of the school is not adversely affected.
- Settlement costs must be approved in line with the Scheme of Delegation.
- All approved overspends must be documented on the Budget Variation Sheet and retained for audit.

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<b>Overspend Amount</b>	<b>Authorisation Required</b>	<b>Reporting</b>
Up to £5,000 <i>All</i>	Central Operations Manager (COM) or School Operations/Business Manager (SOM/SBM)	Recorded on Budget Variation sheet
£5,001 – £10,000 <i>All</i>	Headteacher / Executive Headteacher <i>CFOO / Director for CIT / LEARN</i>	Reported to CFOO
£10,001 – £50,000 <i>All</i>	CFOO <b>and</b> Director of Education	Reported to Finance & Estates (FE) Committee
Over £50,000 <i>All</i>	Chief Executive Officer (CEO) <b>with approval of</b> the Finance & Estates (FE) Committee	Reported to FE Committee and Trust Board

An identified overspend may be referred to the Trust Board if any of the approvers deem it necessary.

All approvals for overspends must be obtained prior to the service/goods being ordered, in line with the Financial Operational Procedures Handbook and the Scheme of Delegation. Failure to follow this procedure may result in disciplinary action under CIT policy.

### **7. Staff and Payroll**

#### **7.1 Staff Appointments**

Head Teachers have authority to appoint staff within the approved staffing structure and budget for the academy, subject to the limitations of the Scheme of Delegation.

The CEO has authority to appoint central Trust staff and Head Teachers in line with the Scheme of Delegation.

Trustees must appoint the CEO and CFOO.

Each academy and the central team maintain online personnel files for all relevant members of staff. Contracts of employment are held within the HR system.

#### **7.2 Payroll Administration**

The Trust payroll is administered by the central HR and finance teams and all data is held in the cloud through a payroll software provider (EduPay). The academy office team / HR representative / SOM / SBM are responsible for updating the payroll information and passing it to the central HR and finance teams, in a timely manner, on a monthly basis.

7.3 All staff, other than those on casual contracts, are paid for a full calendar month on the 23<sup>rd</sup> of each month. Support staff who work term time only or term time plus additional weeks receive equated pay, i.e. their salary is divided equally throughout the year and paid each month. The [CIT Pay Policy](#) gives further details.

7.4 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 notified to the relevant SOM before passing to the Payroll and Pensions team for action.

### 7.5 **Changes to Payroll**

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 team. Any documents relating to changes to payroll must be retained in the employee's personnel file.

### 7.6 **Payroll Reconciliation**

The SOM / SBM / COM should carry out a monthly reconciliation between the current month's actual payroll expenditure and the budgeted payroll costs. Any variances identified should be investigated promptly, with queries raised directly with the central payroll team where necessary. The reconciliation must be reviewed and authorised by the Head Teacher (or their delegated authority) to confirm the accuracy of payments made.

### 7.7 **Payroll Documentation**

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.

### 7.8 **Staff Expenses**

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 and [Travel and Expenses Policy](#). Expenses are to be claimed either via the finance team or via EduPay, for those schools with this facility.

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

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.

## 8. **Purchasing**

8.1 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. 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:

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

8.2 CIT will work closely with all the academies within the Trust to support the development of cross-Trust buying power. Please refer to the [Procurement Policy](#) and [Purchasing](#)

[Terms and Conditions](#) for more information in relation to tenders and centralised procurement processes.

**8.3 Longer term Contracts**

Procurement must ensure that value for money is achieved, and multiple year contracts is one way that this can be achieved through additional discounts.

As per the Procurement Policy, any agreement, contract or lease with a supplier which requires a signature by a member of Trust or academy staff (not including general orders for goods and services) should be forwarded to the Procurement Team for review prior to signature.

**8.4 Suppliers** should be selected from the list of suppliers maintained by the Procurement & Analytics Manager. Existing suppliers will fall into one of the following categories:

- Framework - prices have been agreed over a predefined contract length for specified goods and / or services. Pecuniary interests have been checked.
- Approved - due diligence has been completed to ensure supplier values align to the core values of the Trust.
- Registered – some checks have been carried out but not full due diligence.

**8.5 New suppliers** may only be added to the accounting system by a member of the central finance team, following completion of the new supplier form and the requisite approval procedures. The Supplier Details Form must be completed by all potential new suppliers, along with a declaration from the supplier that all listed CIT policies have been understood and CIT's T&C's agreed to. Supplier details are verified and bank details checked at the point they are entered into the accounting system. The same process is followed for required amendments to supplier details.

**8.6** Further information on supplier management is provided in section 10 of the [Procurement Policy](#).

**8.7** Appendix 3 of the Financial Operational Procedures Handbook provides more detailed information on types of suppliers, purchasing thresholds and central procurement support.

**8.8 Charge Cards**

Where appropriate, the academy charge card may be used to make payments. Use of the charge card is permitted only under the following circumstances:

- when a cost saving or efficiency of ordering can be demonstrated,
- for low-value items,
- for costs where an invoice is unavailable (e.g. course fees, travel costs),
- where a supplier does not offer credit,
- in cases of emergency when no other form of procurement/payment is available.

All items must receive prior approval via the relevant form, in line with the Financial Operational Procedures Handbook and the Scheme of Delegation. Exceptions apply only to immediate-need transactions such as parking and underground travel charges.

All charge card holders must sign an Acceptable User Policy Declaration before a card is issued. Spending limits are set out in the Scheme of Delegation within the Financial Operational Procedures Handbook.

Cash withdrawals using the charge card should be treated as a last resort, and only after alternatives have been considered. Any withdrawal must be authorised in advance by the Central Finance Team through a payment request form. Failure to comply with these requirements may result in the withdrawal of card privileges.

### 8.9 **Routine Purchasing**

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.

An official order must be created for all purchases unless:

- it is in respect of utilities, rates, subscriptions or catering,
- it is a low-cost item of < £100,
- the cost is related to trip expenditure,
- the cost is related to PE fixtures,
- the cost is related to emergency repairs,
- a formal contract has been entered into whereby other means of approval are valid,
- an alternative process has been agreed with the Central Finance Team.

Purchases across the whole Trust must be processed in line with the financial standards set out in the Financial Operational Procedures Handbook and approved in accordance with the Scheme of Delegation. The handbook gives information on receiving goods, recording discrepancies, and the processing and payment of invoices.

## 9. **Income**

9.1 The Trust Board has overall responsibility for ensuring that all income due to the Trust is properly accounted for. Day-to-day responsibility for this is delegated to the CFOO.

9.2 The main sources of income for the Trust are funding from the DfE and local authorities. The receipt of these sums is monitored directly by the School Operations / Business Manager who is responsible for ensuring that all grants due to the academy are collected.

9.3 The Trust and individual academies also obtain income from:

- students, mainly for catering, trips, additional nursery provision, childcare and clubs,
- other schools and public sector bodies, for outreach work and traded services,
- the public, mainly for Fitness Suite membership, 3G Pitch hire and use of premises,
- lettings of school premises to outside organisations,
- fundraising and other grant income,
- donations.

### 9.4 **Receipting**

The Trust operates cashless income systems where possible. Although this is the preferred method of collecting payments from parents / carers, some cash / cheque payments may be received. Any cash and cheques must be receipted and kept securely in a safe prior to banking, in line with safe limit recommendations. Cash must be paid into the bank account in a timely manner.

**9.5 Catering and School Lunches**

Payments for school lunches are recorded individually by catering and administrative staff. A record of the lunches paid for is kept electronically via the cashless payment system.

Where the cashless payment system is not fully in operation, all monies are receipted and reconciled by the catering / administrative staff prior to handover to the finance team.

**9.6 Trips**

A trip organiser / lead teacher must be appointed for each trip to take responsibility for the collection of sums due. All trips should be set up as an item on the cashless payment system and this is the preferred method of payment.

The trip leader is responsible for ensuring each trip is financially viable and should work with the SOM / SBM / finance staff to pursue outstanding payments.

If cash is required for the trip, it is the responsibility of the trip leader to make finance aware at least 2 months prior to the departure date. Use of cash must be kept to a minimum and should only be used where other electronic means of payment are not accepted (e.g. payment of tips).

Foreign currency cards will also be allocated to specific staff where this is necessary to allow access to funds whilst abroad.

**9.7 Lettings**

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 and agreements should be made in line with the [School Premises Lettings Policy](#).

**9.8 Fitness Suite Membership**

The Community Sport Administrator is responsible for maintaining records of membership and identifying sums due from each individual. Payments must be made in advance for the use of the facilities.

**9.9 The 3G Pitch**

The Community Sport Administrator is responsible for the bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities, where practicable. Organisations using the sports facilities should be instructed to send all payments via Bsport or BACS. The Community Sport Administrator is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

All write off of debts require appropriate authorisation (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter) in accordance with the Financial Operational Procedures Handbook and Scheme of Delegation.

**9.10 Northgate Sports Hall (NGSH)**

The Community Sport Administrator is responsible for the bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance

for the use of facilities. Organisations using the sports facilities should be instructed to send all payments via Bsport or BACS. The Community Sport Administrator is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

The Community Sports' Administrator will be responsible for controlling the NGSB debtors. No debts should be written off without the express approval of both the Commercial Director and CFOO.

### 9.11 **Fundraising**

Records are maintained for each fundraising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.

## 10. **Bank Accounts and Cash Management**

### 10.1 **Bank Accounts**

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 is in line with the bank mandate and the scheme of delegation.

### 10.2 **Online Banking System**

Access to the system is controlled via user accounts, passwords, and smartcards. It is the responsibility of each individual to maintain security of their passwords and cards.

### 10.3 **Deposits**

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

### 10.4 **Payments and withdrawals**

All cheques authorising withdrawal from Trust bank accounts must bear the signatures of two of the authorised signatories. See bank mandate for groups and further information.

All BACS payment runs must only include documents that have been processed through the accountancy workflow and approval process. Trust-wide BACS payment runs must be approved by the CFOO or DCFO. Any one-off payments must be approved individually by the relevant budget holder and member of the finance team.

Payments are made via the bank account from two different signatories from the central finance team as per the Scheme of Delegation. For the CIT Secondary bank account, the authorised finance officer can approve bank payments, with second approval required from a member of the central finance team.

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

**10.5 Bank Reconciliation**

The central finance team must ensure that bank statements are received regularly and that reconciliations are performed at least monthly. The finance team aims to clear all items on the bank reconciliation on a weekly basis.

**10.6 Petty Cash Accounts**

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 SOM / SBM. Details should be justified and a clear rationale presented and approved by the CIT finance team.

**10.7 Cash Flow Forecasts**

The central finance team is responsible for preparing cash flow forecasts to ensure that the Trust 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 CEO and CFOO immediately.

**10.8 Investments and Reserves**

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested. Any such investment requires approval, and must be recorded in the minutes, of the FE 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.

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. Periodic reports will be provided to the FE Committee.

Please see the [Treasury Management Policy](#) for more detailed information.

Please see the separate [Reserves Policy](#) for information on reserves.

**11. Debt Recovery**

**11.1 Debts**

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 section of the policy is to guide the Head Teacher and Finance function in recovering debts and ensuring that outstanding debts do not become bad debts.

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 SOM / SBM to make alternative arrangements for payment.

### 11.2 **Debts – Routine Administration**

Each academy within the Trust will actively pursue debtors for the collection of income owed to it, in accordance with the steps set out in the Financial Operational Procedures Handbook and Scheme of Delegation.

11.3 **Bad Debts** are only written off when the Trust has followed all possible procedures to ensure their recovery.

### 11.4 **Writing off of Debts and Losses**

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

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction, may be written off after the Trust has taken all possible steps to recover the money. Grant income is based on the figure in the last set of audited accounts.
- Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years, may be considered.
- The Trust must seek and obtain the explicit and prior approval of the DfE, for transactions above these limits.
- Records of debts that have been written off will be retained for six years plus the current year.
- 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.

## 12. **Fixed Assets and Depreciation**

### 12.1 **Asset Register**

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

The capitalisation limit has been set at £5,000 for all items except for IT hardware which does not have a limit.

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

### 12.2 **Security of assets**

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

All the items in the register should be permanently and visibly marked as the Trust's property and there should be a regular 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 £5,000, these should be reported to the FE Committee.

Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it, this should be noted.

### 12.3 **Disposals**

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 Management Accountant / CFOO and FE. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. Where the formal disposal process has been followed, the Management Accountant should retain records.

In situations where disposal free of charge, or destruction of the asset is more pragmatic or cost-effective than attempting to sell the item, the CFOO can approve for items with an original cost value of up to £15,000 with FE approval required where the original cost value was £15,001 and above.

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

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

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

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

### 12.4 **Loan of Assets**

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

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 Trust's auditors.

### 12.5 **Depreciation**

The Trust's treatment of expenditure on fixed assets varies according to the category of the assets and their expected useful economic lives. Assets inherited on establishment of the Trust are assumed to be fully depreciated and are not included in the accounts.

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic lives. The related grants are credited to the restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet) and the depreciation on the appropriate assets is charged to this fund such that the remaining carrying value of the grants at each year-end is represented by the net book value of the funded assets.

Assets under construction are accounted for at cost based on architects' certificates and other direct costs. They are not depreciated until they are brought into use.

The asset register will include the source of funds for all assets.

All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust or the amount realised. The key test is what the Trust would have been prepared to pay to purchase the asset.

A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Individual items costing less than £5,000 are not capitalised.

### 12.6 Depreciation Rates

Depreciation is charged on tangible fixed assets on a straight-line basis, writing assets down to their estimated residual value over their expected useful lives. The principal annual depreciation rates are:

Asset Type	Depreciation Basis	Rate	Expected Useful Life
Land	No Depreciation	Nil	N/A
Buildings (including structural refurbishment)	Straight-line	2%	50 years
Furniture and Equipment	Straight-line	20%	5 years
Motor Vehicles	Straight-line	25%	4 years
Computer Equipment and Software	Straight-line	33%	3 years

### 13. Risk Management

- 13.1 The CEO will present a risk register to the AR for approval for any financial implications therein.
- 13.2 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 Trust Board will be required to consider all significant risks and mitigations at least once per academic year.

### 14. Insurance

- 14.1 The Trust is currently a member of the DfE's Risk Protection Arrangement (RPA). Insurance cover complies with statutory requirements as set out by the DfE. The RPA reviews insurance arrangements annually and ensures that the sums insured are commensurate with risks and include cover for Trust property when off the premises.

The RPA does not cover vehicle insurance.

14.2 The main types of insurance cover which are in place are:

- Material damage or loss
- Business interruption
- Employers' liability
- Third party liability
- Governors' liability
- Professional indemnity
- Employee and third-party dishonesty
- Personal accident
- Travel
- Legal expenses

14.3 Insurance arrangements and levels of cover will be reviewed annually by the central finance team for all academies, and arrangements will be made to ensure the Trust's assets and activities are properly insured in accordance with good practice and DfE requirements.

## **15. VAT**

15.1 The Trust abides by the procedures issued by the HMRC (His Majesty's Revenue & Customs) in connection with VAT. Input Tax is the VAT incurred on purchases made by the Trust.

15.2 The Management Accountant will reclaim VAT payments, via the VAT126 or VAT100 form, on a monthly basis via HMRC.

15.3 VAT can only be reclaimed provided:

- The goods or services are for the use of the Trust.
- A valid VAT invoice is obtained.
- Invoices obtained by staff on behalf of the Trust must show the Trust as the customer.
- If the invoice was paid by a credit card in the name of a member of staff and the valid VAT invoice only shows the customer as the Trust, VAT can be re-claimed.
- If the invoice was paid by a credit card in the name of a member of staff and the valid VAT invoice only shows the customer as the member of staff, VAT cannot be re-claimed.
- Petty cash expenditure must provide a valid VAT invoice.
- VAT is properly accounted for and not claimed on pro-forma invoices.

## **16. Gifts, Hospitality and Confidentiality - Policy**

16.1 CIT is committed to the highest levels of integrity, openness and fairness in all business transactions. All employees, Members, 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.

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

16.3 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 Trust in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing.

16.4 Employees, Members, 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:

- Offer, promise or give a bribe.
- Request, agree to or accept a bribe.
- Fail to prevent bribery by those associated with an organisation who are trying to gain an advantage for that organisation.

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

16.6 If there is any doubt about how to apply this Policy, guidance should be sought from the Chief Finance & Operations Officer or Chief Executive Officer.

#### 16.7 **Scope**

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.

#### 16.8 **Principles**

The underlying principles of the Policy are as follows:

- Employees, Members, 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.
- 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.
- 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.

#### 16.9 **Gifts**

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.

Gifts that are accepted on behalf of the Trust remain the property of the Trust. Gifts or items that are sent free of charge as part of a special offer when purchasing goods on behalf of the Trust belong to the Trust and must be used accordingly.

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.

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.

All acceptances of gifts and acts of hospitality other than a nominal value (up to £50) must be noted in the Academy's or Trust's register of hospitality and gifts. Any member of staff receiving a gift with a value of greater than £50 should inform the CFOO who will then decide whether the gift can be accepted. If approved, it should then be recorded in the Gifts and Hospitality Register.

Staff should make the Senior Leadership Member / CFOO / CEO 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.

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 CFOO as soon as possible who may decide to return the gift or may donate it to a charitable cause.

If there is any doubt as to the appropriateness of accepting a gift, the matter should be referred to the CEO or CFOO for further guidance.

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.

### 16.10 **Pupil Rewards**

This does not apply to the award of gifts and prizes related to the achievement of pupils.

### 16.11 **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.

### 16.12 **Hospitality**

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.

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.

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

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.

Acceptable examples of hospitality and entertainment include:

- Hospitality or entertainment up to £50.
- Hospitality or entertainment above £50 which has been specifically authorised by the CEO / CFOO and recorded in the Gifts and Hospitality Register.
- Lunches and refreshments in the course of the Trust’s business.
- 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.

Hospitality above these levels will require prior authorisation by the Senior Leadership Team members / CEO / CFOO and must be recorded in the Register.

### 16.13 **Gifts and Hospitality Register**

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

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

The Register must be available for inspection at any time by the SOM / SBM, DCFO, CFOO or CEO.

## 17. **Confidential Reporting**

17.1 The Trust will maintain a confidential reporting policy, approved by the Trust Board, 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.

17.2 GDPR compliance by a separate [Data Protection Policy](#).

## 18. Appendix 1 – Finance and Estates Committee (FE) Terms of Reference

18.1 In accordance with the Articles of Association, the Master Funding Agreement and the Academies Trust Handbook issued to the CIT by the DfE, the Community Inclusive Trust Board has established a Finance and Estates Committee (FE) - the members of which are appointed by the CIT Trust Board.

### 18.2 Constitution, Remit and Responsibilities

18.2.1 The F&E is a committee established by the Board of Trustees of the CIT (the Board) to:

- Undertake the 'overview, accountability and assurance' responsibilities linked to all Finance matters, matters linked to the Trust's Estate, Health and Safety and matters linked to data security.
- Undertake the key Trust Board responsibilities detailed in the DfE Academy Trust Handbook (see Schedule 1).
- Approve decisions as detailed in the Trust' Scheme of Delegation.
- Advise on any strategic priorities for the Trust linked to financial matters and Estates matters.
- Ensure that the Trust behaves with regularity and propriety.
- Ensure that the Trust secures values for money through economic, efficient, and effective use of the resources in its charge.
- Report to the academy Board of Trustees any issues or concerns becoming apparent, or arising, from the committee's work.

18.2.2 The F&E committee will work with:

- The **Audit and Risk Committee** to implement financial controls; respond to audit findings; ensure that financial risks are managed,
- The **Education and Safeguarding Committee** to ensure educational priorities are resourced; align estates investment with curriculum and learning needs,
- The **HR Committee** to align workforce plans with budgets; ensuring staffing decisions are affordable and sustainable.

### 18.3 Membership

There are two categories of membership of the committee, both of which are suitably authorised and appointed by the CIT Trust Board.

18.3.1 **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 committee.

18.3.2 **Full Members– non-employees who are members of a Local School Board of one of the Trust's schools (Maximum 1).**

18.3.3 **Associate Members** - who may not vote on financial audit matters (nor on any other matters if so decided by a majority of the Full Members present and may also be asked to withdraw from the meeting in such circumstances) but are nevertheless permanent members of the committee who may attend as and when other commitments allow. They include the CIT CEO, the CIT CFO and the CIT Director of Operations and Governance.

18.3.4 In addition to the above, the committee 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.

18.3.5 The committee shall have as many members as is determined from time to time and suitably authorised by the CIT Trust Board.

18.3.6 Any Trustee may attend a meeting of the F&E Committee, including those who are not members of the F&E Committee.

18.3.7 Attendance at a meeting of at least two Full Members constitutes a quorum.

18.3.8 The Chair of any F&E meeting shall be appointed by a majority vote of the Full Members of the committee.

The Chair of the academy Trust Board shall not serve as Chair of any F&E Committee.

18.3.9 In the absence of the Committee Chair, another full member of that committee may be invited to Chair for that meeting.

18.3.10 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.

18.3.11 Meetings shall be attended by members of the Executive Leadership Team (CEO, Chief Finance Officer, Deputy Finance Officer, Director of Governance Lead) to provide information and participate in discussions but will have no vote.

Meetings shall be attended by the Board Governance Professional, who shall take minutes of the discussions.

#### **18.4 Resignation and removal**

18.4.1 A person serving on the Committee shall cease to hold office if:

- He/she resigns their office by giving notice in writing to the Governance Professional or Chair.
- The Trustees terminate the appointment of the Committee member, whose presence or conduct is deemed by the Trustees, at their sole discretion, not to be in the best interests of the Trust.

#### **18.5 Quorum**

18.5.1 The quorum necessary for the transaction of business shall be two full members or where greater, any one third (rounded up to a whole number) of full members.

#### **18.6 Frequency of Meetings**

Meetings shall be held at least three times per year and on the basis of a pre-determined timetable agreed by the committee 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 committee Chair of any Full or Associate Member supported by at least 2 other Full or Associate Members.

#### **18.7 Agendas and Notices of Meetings**

18.7.1 Agendas shall be prepared by the Board Governance Professional and approved by the committee 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 committee Chair.

18.7.2 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 committee and to the Chair of the CIT Trust Board, no later than five working days before the meeting.

#### **18.8 Proceedings of Committee meetings**

18.8.1 Full Member present shall be entitled to one vote.

18.8.2 Resolutions are passed by a majority vote of the Full Members.

18.8.3 Where there is an equal division of votes the Chair shall have a further casting vote.

18.8.4 A register of attendance shall be kept for each Committee meeting and published annually.

#### **18.9 Authority**

18.9.1 The Committee is authorised by the Trust Board to:

18.9.2 Carry on any activity authorised by these terms of reference; and

18.9.3 Seek any appropriate information that it requires from any officer of the Trust and all officers shall be directed to co-operate with any request made.

#### **18.10 Minutes of meetings**

18.10.1 The Board Governance Professional 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.

18.10.2 Minutes shall be approved by full Committee members and signed by the committee Chair prior to distribution. The committee 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.

18.10.3 The minutes of meetings of the committee shall be made available to the full Board of Trustees either electronically or via the Trustee portal following distribution.

#### **18.11 Reporting Responsibilities**

The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

#### **18.12 Other matters**

18.12.1 The committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

18.12.2 The committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of charitable trusts not limited to the provisions of the Code and Charity Law.

18.12.3 The committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

**Approval date: September 2025**

## **Schedule 1.**

### **Finance**

#### **(See Trust's Scheme of Delegation)**

The Financial duties delegated to the committee, for ultimate approval by the Trust Board, include the following.

1. Monitoring and review of CIT's overall financial strategies,
2. Approval of Budget,
3. Monitoring and review of historic, current, and projected levels of revenue and capital income and expenditure across CIT and performance against budgets,
4. Monitoring and review of the current and projected cash position,
5. Approval of income and expenditure contracts in accordance with the Academies Financial Handbook,
6. Ensuring that procurement procedures are being followed correctly,
7. Approval of all banking, funding, and investment arrangements,
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,
9. Monitoring the adequacy and effectiveness of the Academy's systems of internal financial control for ensuring operational economy, efficiency, effectiveness,
10. Approval of the annual financial statements,
11. 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,
12. Advising on changes in financial regulations.
13. Initial review of spend items in excess of 50K prior to presentation to Trust Board.

## **19. Audit and Risk Committee (AR) Terms of Reference**

### **19.1 Constitution, Remit and Responsibilities**

19.1.1 The Audit and Risk Committee is a committee established by the Board of Trustees of the CIT (the Board) to:

- To maintain an oversight of the Trust's financial and non-financial, governance, risk management, internal scrutiny, and control systems.
- Undertake the 'overview, accountability and assurance' responsibilities linked to all Audit-related matters.
- Undertake the review of the Risk Management Policy and the Risk Appetite Statement.
- Undertake the key Trust Board responsibilities detailed in the DfE Academy Trusts Handbook including Financial Risk (see SOD / Schedule 1).
- Act as the general Audit and Risk Committee (see SOD /Schedule 2).
- Determine the potential risks facing the Trust; related Finance and Estates matters are determined and assessed in relation to the Board's risk appetite.
- Risk control measures are in place and are impactful in reducing levels of perceived risk.
- Ensure Health and Safety related risks are effectively managed across the Trust.
- To report its findings termly and annually to the Trust Board and the Accounting Officer (AO) as a critical element of the Trust's annual reporting requirements.
- The Audit and Risk Committee has no executive powers or operational responsibilities/duties.
- Report to the academy Board of Trustees any issues or concerns becoming apparent, or arising, from the committee's work
- The Audit and Risk committee will work with:
  - The **Finance and Estates Committee** to review financial risk exposure (e.g. deficits, funding cuts), to ensure internal financial controls are adequate (e.g. procurement, fraud prevention), monitor compliance with financial regulations (e.g. DfE rules), receive reports on capital risk (e.g. health & safety, fire risk, maintenance backlog) and to highlight findings from internal audit around financial processes.
  - The **People Committee** to review risks around recruitment, retention, safeguarding, and employment law, to ensure HR policies are consistently applied, to monitor whistleblowing, grievance and disciplinary procedures, to receive internal audit findings on payroll and HR compliance.
  - The **Education & Safeguarding Committee** to monitor educational risks (e.g. underperformance, safeguarding, curriculum compliance), to review risks related to data protection, exams, and assessment, seek assurance that safeguarding and SEND frameworks are robust, to receive audit findings on pupil premium use, attendance, and statutory compliance.

## 19.2 **Membership**

There are two categories of membership of the committee, both of which are suitably authorised and appointed by the CIT Trust Board.

- 19.2.1 **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 committee.
- 19.2.2 **Full Members– non-employees who are members of a Local School Board of one of the Trust’s schools (Maximum 1).**
- 19.2.3 **Associate Members** - who may not vote on Financial Audit matters (nor on any other matters if so, decided by a majority of the Full Members present, and may also be asked to withdraw from the meeting in such circumstances) but are nevertheless permanent members of the committee who may attend as and when other commitments allow. They include the CIT CEO, the CIT CFO and the CIT Director of Development, Operations and Governance.
- 19.2.4 The membership of the Audit and Risk Committee will comprise a minimum of 3 Trustees.
- 19.2.5 The Chair of the academy Trust Board and the Chair of the Finance Committee shall not serve as Chair of the Audit and Risk Committee.
- 19.2.6 In the absence of the Committee Chair, any committee Member shall chair such meeting.
- 19.2.7 At least one member of the Audit and Risk Committee should have recent or relevant accountancy, or audit assurance, experience.
- 19.2.8 Staff employed by the Trust may be invited to attend the Audit and Risk Committee to provide information and participate in discussions but should not be members of the committee, will be separate to the Finance Committee and not have overlapping membership.
- 19.2.9 Any Trustee may attend a meeting of the Audit and Risk Committee, including those who are not members of the Audit and Risk Committee.
- 19.2.10 Meetings shall be attended by members of the Executive Leadership Team (CEO, Chief Finance Officer, Director of Governance Lead) to provide information and participate in discussions but will have no vote.  
Meetings shall be attended by the Board Governance Professional, who shall take minutes of the discussions.

## 19.3 **Resignation and removal**

A person serving on the Audit and Risk Committee shall cease to hold office if:

- 19.3.1 He/she resigns their office by giving notice in writing to the Governance Professional or Chairman
- 19.3.2 The Trustees terminate the appointment of the Committee member, whose presence or conduct is deemed by the Trustees, at their sole discretion, not to be in the best interests of the Trust.

**19.4 Quorum**

The quorum necessary for the transaction of business shall be two full members or where greater, any one third (rounded up to a whole number) of full members.

**19.5 Frequency of meetings**

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

**19.6 Agendas and Notices of Meetings**

Agendas shall be prepared by the Governance Professional to the Board of Trustees and approved by the committee 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 committee Chair.

19.7 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 committee and to the Chair of the CIT Trust Board, no later than five working days before the meeting.

**19.8 Proceedings of Committee meetings**

19.8.1 Full Member present in person or via TEAMS shall be entitled to one vote.

19.8.2 Resolutions are passed by a majority vote of the Full Members

19.8.3 Where there is an equal division of votes the Chair shall have a further casting vote.

19.8.4 A register of attendance shall be kept for each Committee meeting and published annually.

**19.9 Authority**

The Committee is authorised by the Trust Board to:

19.9.1 Carry on any activity authorised by these terms of reference; and

19.9.2 Seek any appropriate information that it requires from any officer of the Trust and all officers shall be directed to co-operate with any request made.

**19.10 Minutes of meetings**

19.10.1 The Governance Professional 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.

19.10.2 Minutes shall be approved by full Committee members and signed by the committee Chair prior to distribution. The committee 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.

19.10.3 The minutes of meetings of the committee shall be made available to the full Board of Trustees either electronically or via the Trustee portal following distribution.

### 19.11 Reporting Responsibilities

19.11.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

19.11.2 The Audit and Risk Committee will:

- Oversee the Trust's risk register and, on the advice of the CEO/accounting officer and CFO, conduct a regular review of risks.
- Take delegated responsibility on behalf of the Board of Trustees for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Financial Handbook.
- Agree an annual programme of internal scrutiny with the Trust's internal auditors for checking financial systems, controls, transactions, and risks.
- Ensure that the programme of internal scrutiny delivers objective and independent assurance.
- Provide assurance to the Trust Board that risks are being adequately identified and managed.
- Advise the Trustees on the adequacy and effectiveness of the Academy Trust's systems of internal control and governance processes, securing economy, efficiency, and effectiveness (value for money).
- Consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise senior management on any additional or alternative steps to be taken.
- Advise the Trust Board on the appointment, reappointment, dismissal, and remuneration of auditors (both external auditors and internal audit).
- Monitor the effectiveness of auditors.
- Review the findings of the external auditors and agree any action plan arising from it.

- Ensure there is co-ordination between internal audit and external audit and any other review bodies that are relevant.
- Ensure that additional services undertaken by the auditors are compatible with the audit independence and objectivity.
- Consider the reports of the auditors/scrutineers and, when appropriate, advise the Trust Board of material control issues.
- Encourage a culture within the Trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Board of Trustees.
- Will ensure information submitted to DfE that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the Trust is accurate and in compliance with funding criteria.

### 19.12 **Other matters**

19.12.1 The committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

19.12.2 The committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of charitable Trusts not limited to the provisions of the Code and Charity Law.

19.12.3 The committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

***Approved and signed: November 2025***

### **Schedule 2**

The general **audit, risk and internal control** duties for ultimate approval by the Trust Board, include the following:

1. Ensuring that there a programme of work annually to deliver internal scrutiny that provides coverage across the year
2. Ensuring that there is a programme of work driven and agreed by the audit committee, and informed by risk (the risk register)
3. Ensuring that the recommendations of internal audit and other assurance activities (including ~~ESFA~~, financial management and governance reviews, funding audits and investigations) are being addressed
4. Ensuring that an internal auditor independent and suitably qualified and experienced (*not* the accounting officer, chief financial officer, or other members of the finance team), is appointed internally or outsourced.

**20. Academy Trust Handbook**

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

[Academy trust handbook 2025: effective from 1 September 2025 - GOV.UK](#)

**21. 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

Amended Existing Financial Management Policy Approved FAE 1/10/2020 and Existing Financial Operational Procedures Handbook for annual changes to Academies Trust (previously Financial) Handbook, bank processes to improve security, new cashless payment system and other minor changes.

Amended Existing Financial Management Policy Approved FAE 1/10/2021 and Existing Financial Operational Procedures Handbook for annual changes in 2022

Amended Existing Financial Management Policy July 2022 and Existing Financial Operational Procedures Handbook July 2022 for annual changes in 2023

Amended Existing Financial Management Policy September 2023 and Existing Financial Operational Procedures Handbook September 2023 for annual changes in 2024

Amended Existing Financial Management Policy September 2025 and Existing Financial Operational Procedures Handbook September 2025 for annual changes in 2025/26

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

This Policy has been approved by the Finance and Estates Committee.