

Financial Procedures Manual

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Outstanding
pupil experience

Excellence
in education

Impactful
teaching

Effective
partnerships

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1. Introduction

- 1.1. The purpose of this policy and associated procedures is to ensure that the drb Ignite Trust maintains and develops systems of financial control which conform to the requirements of both propriety, efficiency, and regularity. It is essential that these systems operate properly to meet the requirements of each school's Funding Agreement with the Department for Education (DfE).
- 1.2. The Trust and its schools must comply with the principles of financial control outlined in the Academies Financial Handbook 2020 published by the ESFA. This policy expands on that and provides detailed information on the Trust's accounting systems and procedures. It should be read by all staff involved with financial systems.
- 1.3. The policy covers finance related policies such as depreciation, reserves, investments, charging and remission, staff expenses and directors' expenses.
- 1.4. This policy relates to all of the Trust's schools. Adherence to the principles and procedures contained in this policy is mandatory for all staff.
- 1.5. This policy is designed to be consistent with:
 - ESFA Academies Financial Handbook (2020)
 - Trust Articles of Association
 - Master and Supplementary Funding Agreements
 - Companies Act 2006

2. Principles

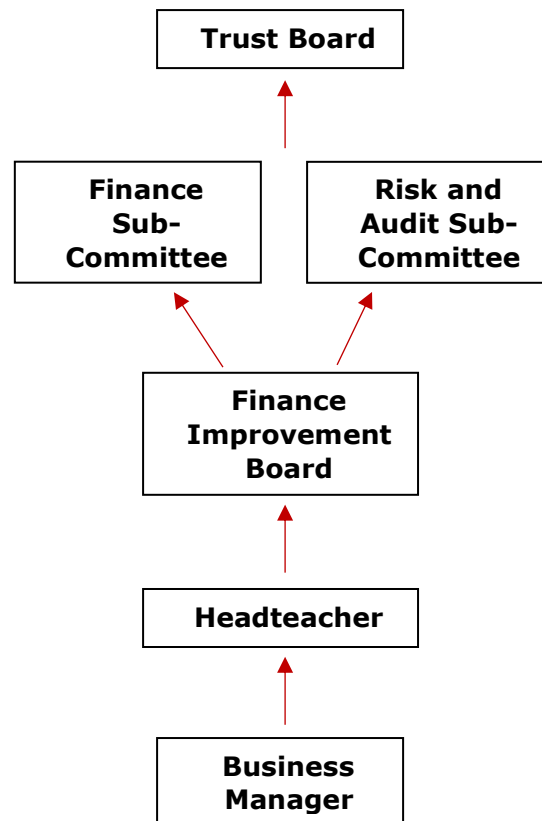
- 2.1. The Trust manages its affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life:
 - **Selflessness** - Holders of public office should take decisions solely in terms of the public interest.
 - **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.
 - **Objectivity** - in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.
 - **Accountability** - holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 - **Openness** - holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demand.

- **Honesty** - holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.
- **Leadership** - holders of public office should promote and support these principles by leadership and example.

3. Organisation

- 3.1.** The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and staff.

The financial reporting structure is outline below:



The Board of Trustees

- 3.2.** The Board of Trustees has overall responsibility for the administration of its schools' finances and the effectiveness of internal controls.

The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its schools with the Department for Education (DfE).

In relation to financial matters, the Trust Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- finance policy development and strategic planning.
- ensuring sound management and administration of the Trust and its schools and ensuring finance staff are equipped with relevant skills and guidance.
- ensuring compliance with general legislative requirements
- establishing and maintaining a transparent system of prudent and effective internal controls.
- management of the Trust's financial, human, and other resources.
- monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon.
- setting the Trust's standards of conduct and values.
- assessment and managing risk (including the preparation of a statement on risk management, for its annual report and accounts).
- to hold to account the executive leadership and individual schools for their performance through the Chief Executive Officer.

Finance Committee

- 3.3.** The Finance Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and school finances and resources, including proper planning, monitoring and probity, most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.
- Promoting a climate of financial discipline and control to reduce or eliminate the opportunity for financial mismanagement.

The Committee is also responsible for scrutinising the Trust and school budgets and finance, internal controls systems and risk management arrangements, most particularly by:

- assisting to promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.
- improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board.
- promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement.

- promoting the development of internal controls and risk management systems which will help satisfy the board that the Trust and its schools will achieve their objective and targets and are operating:
 - in accordance with any statutory requirements for the use of public funds.
 - within delegated authorities laid down by Board of Trustees.
 - in a manner which will make most economic and effective use of resources available.

Trust Improvement Board

3.4. The key purpose of the Trust Improvement Board is to work closely with the Trust Board Achievement, Support and Scrutiny Committee and Finance Committee to maintain an absolute focus on the implementation of the Trust's School Improvement Strategy and ensure the raising of pupil outcomes across all Trust schools.

The Trust Improvement Board meets at least termly with individual schools and holds each school to account for performance, standards, and pupil progress. The Trust Improvement Board is central to the Trust's school improvement model. It has delegated powers to monitor, support, challenge and review school performance using all available information and data. It also supports collaboration between Headteachers and Senior Leadership teams to work collaboratively in identifying and responding to shared school improvement issues that may surface at more than one school.

The Trust Improvement Board pays particular attention to any school that may be underperforming for whatever reason and works closely with headteachers to broker appropriate and timely support and intervention packages in line with the school's Rapid Improvement Plan.

The Trust Improvement Board also has responsibility for detailed oversight of individual school budgets, holding Headteachers to account for the management of financial resources, including value for money, propriety, sustainability, procurement, and risk management.

On an annual basis, the Finance Improvement Board will hold a Budget Setting meeting where each school will present their draft budgets for the following financial year.

Once the budgets have been agreed at the FIB, these will then be presented to the Finance Sub-Committee for scrutiny and finally approved and signed off by the Trust Board.

Chief Executive Officer (Accounting Officer)

3.5. The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in the Academies Financial Handbook.

The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety or regularity.

3.6. The main responsibilities of the CEO include:

- the development of the annual budget.
- the development of medium-term financial planning.
- the regular monitoring of actual expenditure and income against budget.
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- ensuring that the regular reports provided to the Board are timely and accurate.
- authorising orders and the award of contracts within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- authorising payments within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- authorising changes to the Trust's personnel establishment.

Chief Financial Officer

3.7. The Chief Financial Officer (CFO) works in close collaboration with the CEO through whom he is responsible to the Trust board.

The main responsibilities of the CFO are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board.
- the maintenance of effective systems of internal control.
- ensuring that the annual accounts are properly presented and adequately supported by the underlying records of each school.
- the preparation of budgets and medium-term financial plans.
- ensuring returns to ESFA and other funding agencies are completed correctly and on time.
- ensuring returns to statutory agencies are completed.
- cashflow and treasury management including managing investments.
- authorising orders and the award of contracts within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- authorising payments within the approval limits shown in Appendix '1' – Financial Authorisation Levels.

- 3.8.** The CFO need not discharge all their duties personally. The Trust may decide that its needs are adequately served by employing staff or contractors with relevant skills and knowledge at the appropriate time.

It is envisaged that each school will have a Business Manager or a person who undertakes the role albeit with a different job title

- 3.9.** The School Business Managers work in close collaboration with the CFO. The main responsibilities of the School Business Managers are:

- the day to day management of financial issues.
- authorising orders and the award of contracts within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- authorising payments within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- ensuring that financial controls are working effectively at school level.

Trust Headteachers

- 3.10.** Within the framework of the Trust's Development Plan, each academy Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the CFO and the Business Managers but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment and within the Trust Scheme of Delegation, except for any senior staff posts which the Board of Trustees have agreed should be approved by them.
- authorising orders and the award of contracts within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- authorising payments within the approval limits shown in Appendix '1' – Financial Authorisation Levels.
- ensuring the delivery of the school annual budget as approved by the Trust.
- monitoring the regular budget reports with the School Business Manager and acting on overspends or risk.

Clerk to the Board

- 3.11.** As per the Academies Financial Handbook, the Trust must appoint a Clerk to support the Board of Trustees who is someone other than a Trustee, Headteacher, or Chief Executive Officer. For the 2020.21 academic year the Trust has procured the services of Dudley Metropolitan Council.

The clerk helps the efficient functioning of the Board by providing:

- guidance to ensure the Board works in compliance with the appropriate legal and regulatory framework and understands the potential consequences of non-compliance.
- advice on procedural matters relating to operation of the Board.
- administrative and organisational support.

Internal Audit

3.12. Checks and balances need to be put in place to ensure that the financial management arrangements within the Trust are monitored. The ESFA requires an Internal Assurance Officer to be appointed to fulfil this role.

3.13. The Internal Auditor function is managed by the Trust Board (through the Risk and Audit Committee) and provides Trustees with an independent oversight of the financial affairs. The main duties of the internal auditor function are to provide the Board with independent assurance that:

- the financial responsibilities of the Board are being properly discharged.
- resources are being managed in an efficient, economical, and effective manner.
- sound systems of internal financial control are being maintained and financial considerations are fully considered in reaching decisions.
- risks are identified, and appropriate actions put in place.

3.14. The Trust must establish a robust control framework that includes:

- Ensuring delegated financial authorities are complied with.
- Maintaining appropriate segregation of duties.
- Co-ordinating the planning and budget process.
- Applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations.

3.15. The Trust Board will appoint internal auditors to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Resources Committee for review.

Other Staff

3.16. Other members of staff, primarily Finance Officers, Admin Assistants, and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Conflict of Interest

3.17. 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 Trustees and senior staff are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

- 3.18.** 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 interest of relatives such as a parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person.
- 3.19.** The existence of a register of business interests does not detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Where an interest has been declared, directors and staff should not attend that part of any committee or other meeting.
- 3.20.** Trusts must obtain ESFA's prior approval, using the ESFA's on-line form, for contracts for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
- a contract exceeding £20,000.
 - a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August.
 - a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, ESFA, transactions with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

- 3.21.** Persons of significant control, as identified by current legislation, will be investigated, and reported as required through the annual Confirmation Statement to Companies House.

Risk Management

- 3.22.** The Trust manages and updates the Risk Register and presents to the Risk and Audit Committee on a termly basis.

The key committee functions are as follows:

- review the risks to internal financial control.
- agree a programme of work that will address these risks.
- ensure work undertaken is sufficient to inform the statement of internal control and provide assurance to other external auditors.

The Trust uses the Risk Protection Arrangement for all schools and the Trust itself as promoted by the ESFA. This provides value for money and also sufficient cover for the majority of risks.

4. Accounting System

4.1. The Trust uses the Access Education Financial Management software (Access Education). All Trust schools' financial transactions must be recorded using this system.

- All financial transactions relating to each school's budget must be recorded using Access Education.
- There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act 2006.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure, or loss whether by accident or intention.

System Access

4.2. Entry to the accounting system is password restricted and the CFO is responsible for implementing a system which ensures that passwords are changed at least every year.

4.3. Access to the component parts of the system can also be restricted and the CFO is responsible for setting access levels for all members of staff using the system.

Backup Procedures

4.4. The CFO is responsible for ensuring that there are effective backup procedures for the system. As Access Education is cloud based there is not a need to keep a physical backup of the accounting system.

Transaction Processing

4.5. All transactions input in the accounting system must be authorised in accordance with the procedures specified in this policy.

- Parental income will be transacted at school level via a cashbook journal.
- Fixed Asset transactions will be made by the CFO and DOO.
- Orders on requisitions authorised will be raised at school level.
- Invoices will be processed ready for payment by each school.
- Sales Ledger & Purchase Ledger transactions will be processed by each school.
- All BACS payments will be processed by the CFO and countersigned in accordance with the Bank Mandate.
- The School Business Manager will obtain and review system reports to ensure only regular transactions are posted to the accounting system.

- The CFO and DOO will ensure monthly reconciliations in respect of the sales ledger, purchase ledger, payroll, nominal ledgers and cash book.

Reconciliations of Balance Sheet Accounts

4.6. The CFO is responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared:

- sales ledger control account and review of aged ledger balances – **monthly.**
- purchase ledger control account and review of aged ledger balances – **monthly.**
- payroll control accounts – **monthly.**
- all suspense accounts (e.g. Credit Card) – **monthly.**
- accruals and prepayments – **monthly.**
- bank balances per the nominal ledger to the bank statement – **monthly by day 10.**
- petty cash balances to amounts held – **monthly.**
- sundry/other debtor and creditor accounts – **monthly.**
- reconciliation of ParentPay trips, catering, and sales accounts – **monthly.**

5. Financial Planning

5.1. The Trust and each school will prepare both short term and medium term financial plans. Medium term is defined as a period of three years.

5.2. The Trust CFO and COO prepare both medium and short-term financial plans for each school. These plans are prepared to inform the Trust's strategic development planning processes for the next 3-5 years.

5.3. Each school's Strategic Plan identifies the development plan priorities over the medium term and the expected level of resources available. Each school's Annual Development Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected resources available to the school and the planned use of those resources during the year.

Trust Development Plan

5.4 The Trust Development Plan is concerned with the future aims and objectives of the Trust and each school and how they are to be achieved. The Trust will set overall core objectives which will be turned into specific objectives for each school. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.

Annual Budget

- 5.5.** The CFO and DOO are responsible for working with the Headteachers and School Business Managers to prepare a draft annual budget for consideration by the Finance Improvement Board.
- 5.6.** The Finance Improvement Board will review and recommend the draft annual budget for each school and the Trust Consolidated budget to the Finance Committee. Following a detailed review, the Finance Committee will recommend each school's budget and the Trust Consolidated budget for ratification by the Trust Board.
- 5.7.** The approved budget must be submitted to the ESFA by the specified date each year (refer to Appendix '2' – ESFA Financial Reporting Calendar). The CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures the submission date is met. A Financial Calendar will be prepared which details all the submission dates required by the ESFA.
- 5.8.** The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources will be utilised. There should be a clear link between the School Development Plan objectives and the budgeted utilisation of resources.

The budget planning process will incorporate the following elements:

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

Monitoring and Review

- 5.9.** The CFO and COO will ensure the reconciliation of all Balance Sheets and Budgets on a monthly basis.
- 5.10.** The Trust Improvement Board will receive at least termly budget monitoring reports and monthly management account reports will be provided to the Chair of Trustees and Chair of Finance on current spend against budget and forecast outturn expenditure.

Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at the Finance Improvement Board.

- 5.11.** The Headteacher may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the schools as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to their Headteacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed. Any potential overspends against the budget must in the first instance be discussed with the CFO or DOO.
- 5.12.** The Finance Improvement Board will continually monitor the quality of the financial Information presented to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative. The original Budget must be fixed in the financial accounting systems and up- to-date changes monitored against a virement record which will record in-year changes to allocations.
- 5.13.** An audit trail of all virements made after the approval of the original budget must be made and reported to the relevant Committee and the CFO (Appendix '1' – Financial Authorisation Levels).

6. Payroll

6.1. The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring
- Executive pay
- Special staff payments

Staff Appointments

- 6.2.** As part of the annual budget process, the Trust Board will approve a staffing establishment for the Trust and schools. Substantial changes (e.g. the additional of permanent full-time posts) can only be made to this establishment with the express approval in the first instance of the CEO who must ensure that adequate budgetary provision exists for any establishment changes.
- 6.3.** Where changes are in line with agreed budgets and in line with the approved School Development Plan, Headteachers have the authority to change the FTE size or scope of posts within their school – these changes will be included in the Headteacher's report to the Trust Improvement Board.
- 6.4.** Headteachers have authority to appoint staff within the authorised establishment except for the roles of Headteachers where other Trustees may be involved. The appointment process set by the Trust Board must always be followed.
- 6.5.** The CEO has the authority to second staff on a temporary basis from within the Trust's staffing establishment.
- 6.6.** The Trust Board will approve all substantive appointments to the Trust Executive leadership team.

- 6.7.** The Trust and each school will maintain personnel files for all members of staff, which include contracts of employment.

Payroll Administration

- 6.8.** The Trust's payroll is currently outsourced to the relevant Local Authority (LA) for each of its schools and also the Central Executive Team. The approval of Trustees is needed to change any such arrangements.
- 6.9.** All of the Trust's Payroll transactions relating to staff, permanent or casual, will be processed through Access Education. Payments for employment will not be made to staff through any other mechanism.
- 6.10.** All new appointments, leavers, changes to contracts or personal details are notified to the LA using their New Starter / Employee Change / Leaver forms.
- 6.11.** All changes to the Access Finance system will be made by the CFO / DOO following authorisation by the Headteacher. In the case of changes to the Headteacher's salary, the CEO should approve this as per the Trust's Scheme of Delegation. Copies should be retained on the employees personnel file.
- 6.12.** All personnel files shall be stored in a lockable cabinet. Only the Headteacher, Business / Finance Manager and delegated front office staff will have access to staff files but individuals can request to see their own files in line with GDPR policies.
- 6.13.** The Business / Finance Manager is responsible for keeping the staff personnel database up-to date.
- 6.14.** Absence records are maintained weekly by the Business / Finance Manager. Both paid and unpaid leave is notified to the LA monthly and also recorded on the school's personnel system.
- 6.15.** Staff claims for overtime must be signed by individual teachers, phase leaders and checked by the Business / Finance Manager. Claims for overtime / variance of grade of duties, casual claims and supply claims must be notified to the LA in the prescribed form. It will be countersigned by the Headteacher and sent to payroll in line with their cut off timetable.

Payments and Monitoring

- 6.16.** All salary payments are made by Direct Debit or via BACSTEL. The LA submit payroll reports prior to salary payments being dispatched detailing costs and individuals' payment details. A BACS report is also submitted for each school. The Business / Finance Manager will undertake a sensibility check whenever possible to ensure the data does not contain major errors prior to salaries being paid.
- 6.17.** The School Business / Finance Manager will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous month's gross salary against the current months.
- 6.18.** The payroll system automatically calculates the deductions due from salaries to comply with current legislation.

6.19. The LA are authorised to make Direct Debit / BACSTEL payments from each school's Bank Account for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's, Unison & GMB by the 7th of the month following the pay run and to HMRC by the 19th of the month following the pay run.

Executive Pay

6.20. The Trustees must ensure decisions about levels of executive pay follow a robust evidence – based process and are reflective of the role and responsibilities. No individual can be involved in deciding his or her remuneration.

6.21. The Trustees must ensure that its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance about the employment and contract arrangements of individuals of the avoidance of tax. Failure to comply with these requirements can result in a fine by HM Treasury.

Special Staff Payments

6.22. Certain transactions by public bodies may fall outside their usual planned range of activity and they are subject to greater control than other payments. They include:

- Staff severance payments
- Compensation payments
- Ex gratia payments

6.23. Staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service. These payments should not be made where they could be a reward for failure, such as gross misconduct or poor performance.

6.24. Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. Any decisions must be based on careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

6.25. Ex gratia payments include payment to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy. These transactions must always be referred to the ESFA for approval.

6.26. Appropriate freedoms and delegated limits are defined in Appendix '1' – Financial Authorisation Levels. All special staff payments must be either approved by Trustees or the ESFA.

7. Procurement

7.1. The Trust wants to achieve the best value for money from all its purchases. This means getting goods at 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 relationship 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.

It is particularly important in the case of the Trust that any tenders where a Trustee may have a conflict of interest are managed with utmost probity.

The Department for Education strongly recommends the deals for schools (<https://www.gov.uk/government/publications/deals-for-schools>).

Routine Purchasing

7.2. All budget holders will be informed of the budget available to them once the Trust and each schools' budget has been by approved by the Trust Board. It is the responsibility of the budget holder to manage the budget, working with the CFO, DOO and / or School Business Manager, and to ensure that any expenditure is consistent with the objectives of the Trust or school.

7.3. Appropriate authorisation limits are reviewed annually and approved by Trustees (see Appendix '1' – Financial Authorisation Levels).

7.4. It is necessary to take the principles of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

7.5. Procurement routes are outlined in the Trust Procurement Policy.

Forms of Tenders

7.6. Details of forms of tenders and how to run a tender process are included in the Trust Procurement Policy.

Credit Cards and Purchasing Cards

7.7. Where the Trust or schools hold credit cards, they are the sole responsibility of named individuals.

7.8. Procedures for the authorisation of expenditure using credit cards is identified in Appendix '1' – Financial Authorisation Levels.

Income

7.9. The main sources of income for the Trust are the grants from the DfE/ESFA. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to the Trust are collected.

General Annual Grant (GAG) Pooling

7.10. The Academies Financial Handbook states that a Multi Academy Trust has the freedom to amalgamate General Annual Grant (GAG) funding for all its schools to form one central fund. This is known as GAG pooling. This pooled fund is then used to address the normal running costs and school improvement priorities at schools whilst also helping to alleviate financial pressures within individual schools during periods of fluctuating income and expenditure. This approach allows the drb Ignite Multi Academy Trust to give bespoke consideration to the funding needs and allocations of each school within the Trust at any particular time. This is set out in the Trust's GAG Pooling Policy.

7.11. The Trust also obtains income from:

- pupils, for example educational visits, school uniform, school dinners
- the public, mainly for lettings

7.12. Where electronic systems such as ParentPay are used for taking income on-line, these payments will be recorded against the individual pupils' accounts and reconciled to the nominal ledger accounts monthly.

Educational Visits

7.13. Each school has a specific procedure on educational visits. A designated staff member must be appointed for each trip to take responsibility for the collection of sums due.

7.14. The designated staff member will be responsible for estimating the costs, ensuring the cash is collected, producing a reconciliation etc.

Lettings

7.15. Letting and hire of the Trust facilities will be conducted in line the Lettings Policy for each school which includes a scale of charges, which will be reviewed annually.

8. Cash Management

Bank Accounts

8.1. The opening of all bank accounts must be authorised by the CEO and CFO who will 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.

Payments and Withdrawals

- 8.2.** All cheques and other instruments authorising the withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix '1' – Financial Authorisation Levels.

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees. At least one of the cheque signatories must not sign a cheque relating to goods or services which they have also authorised the expenditure.

Administration

- 8.3.** All bank accounts must be reconciled monthly and checked by the CFO, within ten working days of the month end.

Petty Cash Accounts

- 8.4.** There is no provision for Petty Cash within the Trust. All purchases must go through other procurement methods.

Cash Flow Forecasts

- 8.5.** The CFO is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Custody

- 8.6.** Monies collected should be held securely in the School Finance Office Safe and should be banked and reconciled promptly.

Fraud Prevention and awareness

- 8.7.** Although there are low levels of fraud within the academies sector, the Trust is vigilant to the potential risks we face.

Typical fraud in the academies sector includes theft, fictitious and falsification of invoices / credit card fraud. Most recently cyber-crime has seen significant growth in the form of high-profile ransomware campaigns. The Data Protection Officer (DPO) has shown the Trust has great strength in combating this area with updated systems and processes presented to the Risk and Audit committee and Trust board.

The most effective way to manage the risk of fraud is to prevent it from happening by developing an effective anti-fraud culture. As a Trust, a proactive awareness to Fraud has been developed from Administration teams within schools all the way through to Trust Board members.

The Trust completes and presents the the anti-fraud checklist for Academy Trusts produced by the ESFA to the Finance Committee on an annual basis. The checklist contains ten questions intended to help Trustees, Accounting Officers and Chief Financial Officers to review their arrangements for preventing, detecting and dealing with fraud should it occur.

9. Fixed Assets

- 9.1. All fixed asset additions, as identified in paragraph 9.2, must be approved by the Chief Executive and CFO.
- 9.2. All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the CFO, who will liaise with the Chief Executive to ensure that investment is consistent with the Trust's overall IT strategy.
- 9.3. All expenditure on Land and Buildings, but not including routine maintenance, must be approved by the CFO, who will liaise with the Chief Executive to ensure that investment is consistent with the Trust's overall Estates strategy.

Asset Register

- 9.4. All items purchased with a value over the Trust's capitalisation limit of £1,000 must be capitalised. Expenditure in excess of £1,000 may also be capitalised even though the individual asset price is below £1,000.

Assets below this value of £1,000 will be charged to the income and expenditure in the year of purchase.

- 9.5. All assets:
 - with a value of over £500
 - with a value below £500 but considered 'attractive' will be entered in the Asset Register.

Business Managers will review the Asset Register on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1000 must be reported to the Trust's CFO.

- 9.6. The Asset Register helps:
 - ensure that staff take responsibility for the safe custody of assets.
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse.
 - to manage the effective utilisation of assets and to plan for their replacement.
 - help the external auditors to draw conclusions on the annual accounts and the Trust's financial system.
 - support insurance claims in the event of fire, theft, vandalism or other disasters.
 - security and disposal of assets. Detailed guidance is included in the associated procedures.

Security of Assets

- 9.7.** Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 9.8.** All the items in the asset register should be permanently marked as the Trust'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 and, where significant, reported to the CFO. 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.

Loan of Assets

- 9.9.** Items of Trust property, except staff and pupil laptops or tablets, must not be removed from school premises without the authority of the Headteacher.
- 9.10.** 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. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Disposals

- 9.11.** Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix '1' – Financial Authorisation Levels and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 9.12.** 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. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.
- 9.13.** The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not reinvested, then the Trust must repay to the ESFA a proportion of the sale proceeds.
- 9.14.** All disposals of land must be agreed in advance with the Secretary of State.

Leases

- 9.15.** The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook 2020.
- 9.16.** Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA.
- 9.17.** All leases must be approved by the CFO.

10. Depreciation Policy

- 10.1. The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines.
- 10.2. Depreciation rules will be approved by the board in advance of preparing the annual statements.

11. Companies Policy

- 11.1. The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board.

12. Reserves and Investment Policy

- 12.1. The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning.
- 12.2. All revenue reserves are controlled by the Trust Board including those transferred in upon conversion and cannot be spent without the approval of the Trust Board.
- 12.3. In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by school.
- 12.4. The Trust will build and maintain a capital reserve fund in line with the reserves approved by the Trust Board from time to time.
- 12.5. Reserve funds will be held on deposit in an interest-bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.
- 12.6. The Trust will take a very prudent approach to any deposits or investments that it makes. Further guidance is provided in a separate policy document.

13. Charging and Remission Policy

- 13.1. The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all pupils regardless of ability to pay and that other activities are charged for in a fair and transparent way. No pupil will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remissions Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Schools may charge for some optional activities which take place wholly or mainly outside school hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Headteacher. In all cases, where a charge is made it will not exceed the costs of the provision.

14. Staff Expenses

14.1. The Trust Staff may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

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

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are shown in the Trust Expense Policy.

14.2. Staff must submit an expense claim form and seek approval as laid out in the Finance Authorisation Levels in Appendix '1' before being sent to the School Business Manager to be paid. All claims must be accompanied by receipts.

14.3. The CFO will monitor claims to ensure compliance with this policy.

15. Trustees Expenses

15.1. Trustees and Members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy on Trust Expense Policy. This policy describes what expenses are allowed, the process for making claims and the current rates. Reasonable expenses will include:

- attendance at meetings of the Trust board or their sub-committees.
- meetings with authorities, regulators, auditors etc.
- meetings with members of staff or prospective staff connected with their official duties.
- other official meetings.

Trustees and Members may not claim for:

- time spent working as a Trustee or Member
- loss of earnings
- food or refreshments
- expenses in connection with foreign travel other than as allowed below.

16. Tax

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

16.2. If Trust activities cease to be exempt from Corporation Tax, the CFO will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

16.3. Any payments to contractors and sub-contractors are made in accordance with the Construction Industry Scheme.

17. Insurance

- 17.1.** The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.
- 17.2.** The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 17.3.** The Trust will not give any indemnity to a third party.
- 17.4.** The Trust will immediately advise the insurers of any accident, loss or other incident which may give rise to an insurance claim.

18. Bad Debts & Write-offs

- 18.1.** The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.
- 18.2.** Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- 18.3.** Income from lettings will be collected in accordance with the Lettings Policy.
- 18.4.** All debts will be recorded, and non-payment will be followed up by issuing reminders at monthly intervals. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.
- 18.5.** If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the Financial Authorisation Levels in Appendix '1' and in accordance with the guidance provided in the Academies Financial Handbook.
- 18.6.** To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue and Customs statutory requirements.
- 18.7.** The Trust will retain a Bad Debt Write-Off Summary.

19. Monitoring Outcomes & Review

- 19.1.** Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with School Business Managers and CFO.
- 19.2.** Effectiveness of this policy and any associated procedures will also be monitored by the Finance Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Audit Committee. Findings and recommendations will be used to revise this policy and associated procedures – this will be undertaken by referring any recommendations for changes to the Resources Committee.

19.3. Key indicators of the success of this policy are:

- no inappropriate use of money
- adherence to budgets
- value for money being demonstrated
- expenditure targeted on key priority areas
- timely reports to Trustees, DfE and others
- up to date, accurate records.

Appendix '1' – Summary of Financial Authorisation Levels

Delegated Duty	Value	Delegated Authority
Ordering Goods and Services (revenue spending). Lease agreements cannot be entered into without the authority of the CFO and the DfE if the lease can be classified as borrowing.	Up to £500	Budget Holder
	Up to £1,500	Business Manager or Finance Manager
	£1,501 - £5,000	Headteacher or CFO
	£5,001 - £50,000	CFO – over £10,000 subject to three quotes and accompanied by business case
	£50,001 - £100,000	Chief Executive – subject to three quotes and accompanied by Business Case.
	£100,000 and above	Chair of Finance Committee – subject to three quotes and accompanied by Business Case.
Signatures for payment authorisations (including BACS payments other than payroll).	Any	Two signatures from: <ul style="list-style-type: none"> • CEO • CFO • Finance Manager • Business Manager • Chair of Finance • Chair of Trustees
Signatures for payment authorisations for Trust.	Any	Two signatures from: <ul style="list-style-type: none"> • CEO • CFO • DOO • Chair of Finance • Chair of Trustees
Signatories for DfE grant claims and DfE returns for individual academies.	Any	Two signatures from: <ul style="list-style-type: none"> • CEO • CFO • DOO • Headteachers • Business Manager
Signatories for DfE grant claims and DfE returns for individual Trust.	Any	Two signatures from: <ul style="list-style-type: none"> • CEO • CFO • DOO • Trustee

Virement of budget provision between budget headings.	Up to £20,000	CFO.
	£20,001 - £100,000	CEO accompanied by Business Case to additional spend.
	£100,000 and above	Finance Committee.
Virement of funding between academies.	Any.	Finance Committee.
Disposal of assets (not including land).	Up to £1,000	CFO
	£1,001 to £5,000	As above plus CEO
	Over £5,000	As above plus Finance Committee. DfE approval required as appropriate for disposal of assets funded with DfE grant or transferred from an LA at nominal consideration.
Write-off bad debts and Liabilities (subject to £250,000 ceiling).	Up to £1,000	CFO
	Over £1,000 Writing off debts or losses or letters of comfort.	CEO with referral to the Finance Committee annually. ESFA consent required if exceeds: <ul style="list-style-type: none"> • 1% of annual income or £45,000 individually • 2.5% or 5% of annual income cumulatively
Purchase or sale of any freehold property.	Any	Trustee and DfE approval required.
Granting or take up of any leasehold or tenancy agreement exceeding three years.	Any	Trustee and DfE approval required.
Raising invoices to collect income.	Any	Business Manager or CFO.
Expense Claims.	Up to £50	Business Manager or Headteacher or CFO.

	Over £50 or any Business Manager claims. Trustee expenses. Chief Executive.	CFO. CEO. CFO.
Credit Cards.	CFO. All staff, except Business Manager. Business Manager Executive Leadership.	CEO. Business Manager. Headteacher. CFO.
Special Payments.	Novel, Contentious and Repercussive. Staff Severance and Compensation. Ex Gratia.	ESFA agreement required. ESFA agreement required if £50,000 or more before tax; less than £50,000 Trustee approval. ESFA agreement required.
Acquisition and Disposal of land.	Acquiring freehold land / building. Other disposals. Disposing of a freehold on land / buildings. Disposing of heritage assets. Other disposals.	ESFA agreement required. ESFA agreement required. ESFA agreement required. Trustee approval required.
Leasing.	Finance Lease. Leasehold on land and buildings. Any other lease.	ESFA agreement required. ESFA agreement if lease term 7 plus years, Trustee approval if less than 7 years.

	Granting a lease on land and building.	Value less than £50,000 CEO / CFO approval. ESFA agreement required.
Borrowing.	Bank or sponsor loan, overdraft. Credit Card.	ESFA agreement required. Delegated order limits apply.
Related Party Transactions.	Supplies to the Trust from a related party.	ESFA agreement required over £20,000 and over associated limits.
Users of ACCESS Financial Management System.	Full Access System Administrator Enter and Authorise dependent on segregation of duty.	Business Manager. Headteacher. CFO. DOO. CEO. Finance Administrator. Business Manager.

Appendix '2' – ESFA Financial reporting calendar



Education & Skills
Funding Agency

Academies planning calendar

A summary of key dates and actions relating to academy funding, finance and trust compliance with their funding agreement.



Department for Education

September 2020	October 2020	November 2020	December 2020
<p>Trust action</p> <ul style="list-style-type: none"> Complete and submit the 2020 budget forecast return three year (BFR3Y) by 29 September <p>Information and published guidance</p> <ul style="list-style-type: none"> Academies Financial Handbook 2020 comes into effect ESFA publishes key findings following the assurance work relating to academy trust financial statements, academy funding audits and financial management and governance reviews for the year 2019 to 2020 	<p>Trust action</p> <ul style="list-style-type: none"> Complete autumn school census Academies must publicly consult by 31 January 2021 on proposed changes to admission arrangements for entry in September 2022, or if they have not consulted in the past 7 years <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA publishes guidance and workbook for the 2019 to 2020 academies accounts return DfE issues guidance on the Condition Improvement Fund (CIF) 2021 to 2022 Audited financial statements submitted from 15 October ESFA publishes the 16 to 19 revenue funding allocation data for 2020 to 2021 <p>Payment</p> <ul style="list-style-type: none"> Second quarterly pupil premium payment for the 2020 to 2021 financial year 	<p>Trust action</p> <ul style="list-style-type: none"> Land and buildings collection tool online form available 12 November Deadline for new CIF applicants to register on the online portal Accounts return online form available 10 November <p>Information and published guidance</p> <ul style="list-style-type: none"> PE and sport premium conditions of grant and allocations issued for the 2020 to 2021 academic year <p>Payment</p> <ul style="list-style-type: none"> First payment of the teachers' pay grant and teachers' pension grant for the 2020 to 2021 academic year First payment of the PE and sport premium for the 2020 to 2021 academic year 	<p>Trust action</p> <ul style="list-style-type: none"> Complete and submit the land and buildings collection tool by 17 December Deadline for CIF bids <p>Announcement</p> <ul style="list-style-type: none"> DfE announces the schools revenue funding settlement for the next academic/financial year (2021 to 2022)
January 2021	February 2021	March 2021	April 2021
<p>Trust action</p> <ul style="list-style-type: none"> Complete spring school census Trusts submit their 2019 to 2020 audited financial statements, auditor's management letter, internal scrutiny annual summary report and accounts submission coversheet by 31 January <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA publishes outcomes of requests from LAs for changes to high needs places for the 2021 to 2022 academic year. Academies have 2 weeks to submit a query about the outcomes <p>Payment</p> <ul style="list-style-type: none"> Third quarterly pupil premium payment for the 2020 to 2021 financial year 	<p>Trust action</p> <ul style="list-style-type: none"> Complete and submit the audited accounts return by 23 Feb Trusts publish their 2019 to 2020 audited financial statements on their website by 28 February Academies must determine their admission arrangements for entry in September 2022 by 28 Feb Academies must publish their admissions appeals timetable for 2021 on their website by 28 Feb <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA confirms exceptional 2020 to 2021 post-16 in-year growth outcomes ESFA issues guidance on 2021 to 2022 funding allocations for open academies ESFA issues 16 to 19 allocation calculation toolkits (ACT) containing funding factors and student numbers, to schools and academies 	<p>Trust action</p> <ul style="list-style-type: none"> Academies must publish their admission arrangements for entry in September 2022 on their website and send a copy to their local authority by 15 March Trusts complete and submit the school resource management self-assessment tool (SRMSAT) <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA issues academy revenue funding allocations for 2021 to 2022 including 16 to 19 allocations (plus student support, 16 to 19 Bursary Fund and free meals in further education) where applicable ESFA publishes guidance and workbook for the budget forecast return outturn (BFRO) for 2021 ESFA publishes the Academies Accounts Direction for 2020 to 2021 	<p>Trust action</p> <ul style="list-style-type: none"> ESFA makes live the form for trusts to claim national non-domestic rates (NNDR) for the 2021 to 2022 financial year Budget forecast return outturn (BFRO) online form available 16 to 19 revenue funding allocation business case for major data errors deadline 30 April <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA publishes 16 to 19 funding regulations guidance and 16 to 19 funding rates and formula guidance for 2021 to 2022 ESFA publishes 16 to 19 student support eligibility and guidance, including 16 to 19 Bursary Fund guidance DfE publishes the CIF 2021 to 2022 outcome <p>Payment</p> <ul style="list-style-type: none"> Final quarterly pupil premium payment for the 2020 to 2021 financial year
May 2021	June 2021	July 2021	August 2021
<p>Trust action</p> <ul style="list-style-type: none"> Complete summer school census Complete and submit the BFRO Trusts must submit their audited financial statements to Companies House within 9 months of the end of the accounting period which is 31 May <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA publishes guidance and workbook for the budget forecast return three year (BFR3Y) for 2021 <p>Payment</p> <ul style="list-style-type: none"> Second payment of the teachers' pay grant and teachers' pension grant for the 2020 to 2021 academic year Final payment of the PE and sport premium for the 2020 to 2021 academic year 	<p>Trust Action</p> <ul style="list-style-type: none"> Budget forecast return three year (BFR3Y) online form available <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA publishes the 2021 to 2022 Academies Financial Handbook ESFA publishes the 16 to 19 sub-contracting controls guidance for 2021 to 2022 	<p>Trust action</p> <ul style="list-style-type: none"> Complete and submit the BFR3Y <p>Information and published guidance</p> <ul style="list-style-type: none"> ESFA refreshes the 16 to 19 interactive census tool DfE publishes the academies sector annual report and accounts (SARA) <p>Payment</p> <ul style="list-style-type: none"> Final payment for universal infant free school meals for the 2020 to 2021 academic year 	