



SANCTA FAMILIA

CATHOLIC ACADEMY TRUST

Finance Policy

Internal Use

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This policy will be introduced as part of the Central Team induction to Schools.

SECTION 1: POLICY, ROLES & RESPONSIBILITIES

1. Introduction

The Directors of SFCAT are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money.

All schools within the Trust must comply with the principles of financial control outlined in the Academies Trust Handbook published by the DfE. This policy expands on that guidance and should be read by all staff involved with financial systems and accountability.

This policy and procedures applies to all funds operated by the schools within the Trust.

For the purposes of this policy and procedures document, the following terms apply:

“Headteacher” covers Executive Headteacher, Head of School and Co-Headteacher.

“Business Manager” refers to the member of staff at the school responsible for the management of the finances of the school. The Headteacher will designate the named person at the school who fulfils this role.

“Finance Assistant” the Headteacher and/or Business Manager will designate the named person at the school who fulfils this role. It can also cover a number of roles at the school or Central Trust.

2. Organisation of financial responsibility and accountability

2.1: BOARD OF DIRECTORS

Role:

- To provide a strategic view of how the Trust will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.
- To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the Trust.

Responsibilities:

- To discharge statutory responsibility for the oversight of financial management in the Trust
- To monitor and evaluate the effectiveness of the Trust’s financial management procedures and ensure that the Trust’s financial arrangements comply with all current legislation and DfE guidance.
- To require all Directors, Governors and members of staff to declare any links they have with firms from which the Trust and/or any school within the Trust might wish to buy goods or services. To ensure that a register of such interests is maintained and is open to inspection and reviewed on an annual basis.

- To ensure the Trust has a written statement of its aims and objectives (Trust Development Plan) in sufficient detail to provide the basis for constructing budget plans.
- To ensure the Trust has a medium term educational and budget plan (covering three years) indicating the intended use of resources in achieving its educational goals.
- To ensure that the Trust has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value.
- To approve the Trust's annual spending plans.

Note: The statutory responsibility for the oversight of financial management in the school will remain with the Board of Directors and the Chief Financial Officer.

2.2: LOCAL GOVERNING BOARD

Role and Responsibilities (financial aspects only):

- To monitor reports from the Headteacher, ensuring proper financial administration arrangements are in place that enables the Board of Directors to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by Ofsted, the Audit Commission and the Financial Management and Governance Self-Assessment (FMGS).
- To monitor reports from the Headteacher, regarding the schools financial controls.

The CFO will provide appropriate templates for the School Leadership Team to report appropriate financial information.

2.3: THE HEADTEACHER

Role:

The Headteacher is responsible to the Local Governing Body and Chief Executive Officer for ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities.

Delegated Authority:

The Headteacher has full discretion in the use of funds allocated for supply staffing and for all non-staffing headings up to a value as per Appendix 1 for an individual item or service. Sums in excess of this will require the sanction of Trust Board as detailed in Appendix 1.

The Headteacher may nominate members of staff as budget managers for areas of the budget and may allow them to spend funds in these areas as sanctioned by the Headteacher or Business Manager.

Reporting Arrangements:

The Headteacher will receive Monthly Monitoring Reports from the Business Manager so that the overall budget position and those funds delegated to members of staff can be monitored.

2.4: THE BUSINESS MANAGER

Role:

To maintain and develop the school's systems of internal control and financial administration in order to enable the proper processing of the school's transactions and activities.

Responsibilities:

- To use the Trust finance system for all financial transactions and ensure that it is kept updated accordingly

- To carry out quarterly budget reviews (“touchpoints”) as directed by the CFO and update the Trust finance system accordingly
- To use the Trust Monthly Monitoring Report template for reporting to stakeholders
- To profile the budget and forecast cash flow to take account of likely spending patterns and report to the Headteacher/CFO on a regular basis.
- To monitor and profile the budget and forecast cash flow to take account of likely spending patterns.
- To ensure that where parts of the budget are delegated the responsibility for controlling these budgets is matched by the level of accountability (i.e. budget managers are accountable only for items they can directly control).
- To report to the Chief Financial Officer any proposals significantly affect the school’s expenditure or income budgets.
- To ensure that sound systems of financial control are in place and arrangement made to maintain control in the absence of key staff.
- To provide monthly monitoring information to the Headteacher and cost centre budget holders.
- To prepare and maintain the financial accounts, reports and records of the school in accordance with the Academies Trust Handbook.
- To review the effectiveness of internal control procedures and where necessary make proposals to the Headteacher and the Chief Financial Officer for improvements.

2.5: BUDGET HOLDERS

Role:

To manage efficiently and effectively, and to be accountable for, the resources delegated to them by the Headteacher.

Responsibilities:

- The day-to-day monitoring and control of delegated budgets.
- To ensure goods/services purchased from the delegated budget are in accordance with the schools aims and objectives.
- To ensure goods/services purchased are done so in line with the Academies Trust Handbook and giving due consideration to value for money.

SECTION 2 – Financial processes and procedures

1. FINANCIAL PLANNING AND THE BUDGET

A budget will be prepared in conjunction with the Senior Leadership Team and Central Team as part of a budget cycle. The principles and calculations used in preparing the budget should be documented and retained for future use.

The budget will reflect the first year of the school’s financial plan, subject to the level of resources available to the school. It may be necessary to review the financial plan and the improvement plan objectives to reflect final budget decisions that are made in the light of the known resources.

An outline budget for the second and third years of the financial plan will be prepared in parallel with the detailed budget above.

The Board of Directors will consider the draft budget and either approve it or return it to the School for amendment. The CFO will oversee the forwarding of an approved budget to the DfE as required by their reporting procedures.

Spending plans will be broken down sufficiently into appropriate cost centres to promote effective financial control.

The overall budget and school bank account position will be monitored and reported to the Headteacher monthly and Local Governing Body at their routine meetings. Financial statements will be provided to members of staff who have been designated as budget managers so that delegated funds are also monitored.

Records will be kept showing how budgets have been built up enabling officers responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.

Expenditure will only be made against available budget resources.

2. BUDGET MONITORING AND CONTROL

Reporting Arrangements:

Each school will receive the following standard reports:

- The annual Budget Forecast Return (BFR)
- Reports on the annual school budget process and proposed spending plan.
- Monthly monitoring reports showing spending and receipts, including sums committed but not yet paid for against the school's approved budget;
- In addition to the above, the school will receive a Monthly Monitoring Report using the Trust template, containing:
 - Updated actual spending against codes, explanation of major variances; details of corrective action taken; and a forecast of the expected year end position.
 - Balance Sheet
 - Cashflow report

3. INTERNAL CONTROL PROCEDURES

In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible, the duties of staff concerned with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks will be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.

Where necessary an email confirmation will be accepted in lieu of a wet signature.

Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the Trust's retention policy. The CFO will specify who is authorised to access the records and documentation.

4. INSURANCES

The Trust will take out Insurance Cover via the RPA scheme to meet legal requirements, it is down to the School Leadership team to investigate and take out any other further insurances that is not covered under the RPA Scheme.

The Board will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure risks not already covered.

Arrangements will cover the use of school property when off the premises (except the use of lap-top computers at home). All losses/thefts of school property need to be reported to the School Business Manager immediately, who will advise staff the appropriate next course of action.

The Business Manager will ensure, where lettings of School Premises are undertaken, that the hirer has sufficient public liability cover.

5. IT SYSTEMS

The school maintains accounting records and information on computerised systems; the Trust is registered in accordance with Data Protection Legislation.

The Trust financial system is cloud-based providing secure back-ups of data.

The Headteacher will also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords will not be disclosed and will be changed regularly.

Wherever possible access levels will be restricted to re-enforce the principles of internal control set out in Section 3 above.

6. PURCHASING PROCEDURE

Before placing an order, the person responsible for making it will ensure that the school is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.

Academies must follow the Value for Money (VFM) procedures as laid out in Appendix 1

Documents supporting purchases/contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and where the chosen quote is not the cheapest, approval will be obtained from the Headteacher or Business Manager prior to ordering.

The ordering of goods and services by telephone will not be undertaken except in emergencies and will be followed by the issue of an official confirmation order as soon as possible. Purchase orders will be dispatched either by post or e-mail. Where orders are placed on the internet then the purchase order number must be used as the reference/special instructions.

Orders will be issued for all goods and services, except utilities (energy costs, telephone bills, rates etc.), agency staff and petty cash purchases, and purchases for which a written contract is signed.

Orders/contracts can be “signed” digitally. On these occasions the Business Manager acts in line with the authority of the signed purchase order.

As well as showing details of the goods or service required, the purchase order will also show the estimated or agreed price, net of VAT.

The purchase order should also itemise any agreed discount, this illustrates commitment to VFM (value for money).

The purchase order will be authorised by the budget holder and Headteacher or delegated member of the Senior Leadership Team.

Purchase orders will be used only for goods and services provided to the school. Individuals

must not use official purchase orders to obtain goods and services for their private use (except for officially sanctioned schemes such as the musical instrument purchase scheme).

The names and signatures of staff authorised to authorise payments & BACS transfers, etc. are recorded in the Finance Levels of Authority (Appendix 2).

The person receiving the goods or services must make careful checks, to ensure that they are in accordance with the order; the check will be recorded on the delivery note and/or invoice and include the initials of the checking officer, and passed to the member of staff responsible for maintaining the school's financial records. Payment will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks.

Payment will only be made against an official invoice.

Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations.

Purchases made outside the purchase order procedure and claimed back through expenses will generally be for items at minimal cost (less than £100). These purchases should be agreed beforehand with the relevant budget holder; any query should be discussed with the Business Manager before the purchase is made. This method of purchasing goods for the school should not be seen as an alternative to the purchase order system and should be the exception rather than the rule. All expense claims will require detailed VAT receipts. Staff should refer to the Travel & Subsistence Policy for details of likely expenditure incurred that falls outside the remit of the standard purchase order system.

7. SIGNATORIES & BACS PAYMENTS

The following are authorised to sign cheques on the bank accounts:

SFCAT

- CEO, CFO

ACADEMIES

- CEO, CFO, Headteacher, Deputy Headteacher, Assistant Headteacher, Business Manager

There must be 2 signatures (any 2) on each BACS and the payee cannot also be a signatory

When payment is made via BACS the following procedure must be followed:

- Finance staff to raise the payment and to produce a printed summary of payments to be made.
- Authorisation of the printed payment summary by 2 signatories (Refer to Appendix 2 for appropriate authorisation limits of signatory).
- 2 authorisers (Refer to Appendix 2 for appropriate authorisation limits of authoriser) to electronically authorise the payment.
- The payee cannot be one of the authorisers.

8. AUDIT

The Trust operates 2 methods of audit:

Internal Scrutiny

An external audit firm has been appointed by the Trust Board, Hays McIntyre, to support with internal scrutiny in the first two years. The primary purpose of the audit will be to provide a programme of internal scrutiny and check staff are following the processes as laid out in the finance policy and procedures document and other policies. In addition the auditors will be directed to review other key areas as directed by the CFO.

A report of their findings will be shared with the Trust Board.

External Auditors

An external audit firm (different from the internal scrutiny auditors) has been appointed by the Trust Board to carry out an annual audit of the accounts of the Trust and its schools.

The Trust named external auditors are Buzzacotts.

The schools will provide all requested information and co-operate with both auditors accordingly.

The CFO/ Business Manager are to ensure that the auditor's recommendations, once approved by the Board of Directors, are implemented without delay.

9. PERSONNEL / PAYROLL

Appointments and amendments to payroll will only be authorised by the Headteacher (or a nominated contact) unless the amendment affects the Headteacher in which case the Chair of Governors will certify the documents.

Any new appointments need to be discussed at the fortnightly meetings with the Central Trust team (CEO, HR/ Finance).

The Headteacher will ensure that all the financial and administrative processes concerning employment in the school are checked, and that the school records agree with the payroll agency administering the payroll.

All time sheets submitted by a member of staff must be checked and signed by the appropriate line manager and then authorised by the Business Manager or Headteacher.

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash.

Payroll and personnel records will be retained in a secure place.

Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the school on a "one off" or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as honoraria, overtime etc. Such payments will never be made from petty cash.

Any individual contractor will be checked on the HMRC employment status indicator to identify if he/she should be paid through the payroll as a temporary employee. The record should be printed and kept on file to safeguard the school's responsibility regarding payment of tax.

10. SECURITY OF STOCK AND OTHER PROPERTY

The Headteacher is responsible for the safe custody and control of cash and property belonging to the school.

An inventory will be maintained of all attractive and portable items with a value in excess of £2,000 with detail of make, model, serial number and purchase value. A documented check of the inventory will be undertaken annually against actual items by the external auditor.

Items will be recorded in the Trust asset system. The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no, location etc.).

Obsolete items to be written off or items to be sold will be reported to the CFO for approval and then clearly recorded in the inventory records.

Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Headteacher. The loss of any keys will be reported immediately to the Headteacher.

11. DEPRECIATION

Depreciation is provided on a cost or valuation in equal annual instalments over the estimated useful life of the asset. Assets are capitalised for all single items above £2,000.

Depreciation will be applied through the Trust finance system on an annual basis.

The standard straight-line rates of depreciation:

Equipment 25%

Fixtures/Fittings 25%

IT 33%

12. INCOME

The Board of Directors through the Local Governing Boards will establish a charging policy for the supply of goods and services by the school.

The Business Manager is responsible for accounting for all income due and cash collected as set out in the charging policy.

The charging policy will be reviewed annually to ensure that levels of charges fall in line with school policy and cover the cost of the service provision.

Where invoices are required they will be issued promptly by the finance staff and approved by the Business Manager. Invoices will be dispatched either by post or by e-mail.

Receipts and bankings will be cross-referenced to debtors by the finance staff.

Bad debts up to £500 may be written off by the Headteacher. Over £500 they will only be written off with the formal approval of the CFO/CEO.

The school does not normally handle cash. In circumstances where this is permitted by the Business Manager then a receipt will be issued. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.

The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum at all times and in no case will exceed an upper limit of £2,000. Cash will be held in a locked safe.

The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking the money.

Cash income will be kept separate from petty cash.

Staff and governors will not use their personal bank accounts for any payment or receipt relating to the school's budget.

13. BANKING ARRANGEMENTS

The CFO/Business Manager is responsible for ensuring that the school complies with DfE requirements for school bank accounts.

Schools may only use bank accounts approved by the CFO. As a general rule these will be accounts opened by the Trust through Lloyds Bank.

A bank reconciliation will be completed on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.

Bank statements should be printed at least monthly and reconciled to the accounting system each month using a statement no older than seven days, and any discrepancies resolved. The Business Manager (or designated deputy) will certify the monthly bank reconciliations. Bank statements and system generated bank reconciliation reports will be signed by the Business Manager (or designated deputy) to demonstrate such checks have been undertaken.

The Board of Directors will review its banking arrangements annually and document as such to ensure they provide the best value for money. They will also review the authorised signatories annually.

The school's cash flow will be monitored regularly to ensure that the school's account does not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

14. PETTY CASH – where applicable

For those schools that hold a petty cash float, this must be kept in a secure petty cash tin locked in the school safe.

The Headteacher is authorised to decide what amounts of petty cash are held in the school and by whom. The person(s) holding the cash must sign to accept responsibility for it, the Headteacher will ensure that the cash sums for security reasons do not exceed £500 in total on site and no more than £500 per supervising adult on day and residential trips. [These are maximum amounts permitted and in reality, the actual sums involved will be lower and set by the Headteacher]

Petty cash floats will be reconciled on a monthly basis by the finance staff.

Staff authorised to hold petty cash are responsible for:

- Obtaining proper vouchers and receipts for all cash payments made
- Obtaining receipts that identify any VAT paid to support the reclaiming of VAT
- Ensuring the safe custody of the cash
- Producing on demand to the Headteacher or Business Manager, auditor or other authorised person, cash and vouchers/receipts equal to the total amount held.

The petty cash amounts will only be reimbursed from the school bank account. Cash income from other sources will not be used to reimburse petty cash.

The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £50. Where items exceed £50 and it is not practicable to issue an official purchase order, then any payment in excess of £50 from petty cash will require the prior documented approval of the Business Manager.

15. CORPORATE PURCHASE CARDS

Each School will be issued with purchase cards. The CFO will agree with the Headteacher the appropriate number of cards for the individual school.

The school is not permitted to obtain charge/credit cards with any other provider than those issued by the Trust.

The purchase card will only be used where suppliers require payment by card, where savings can be made by using this method of purchase (e.g. on-line purchases) or where approved by the Headteacher.

The Trust will maintain purchase cards in the name of the CEO and CFO, if a permanent employee. All financial controls previously detailed in this policy apply equally to the use of the purchase cards.

16. KEY POINTS FOR STAFF APPLICABLE TO ALL FINANCIAL TRANSACTIONS

A valid purchase order duly authorised is required for transactions.

Expenditure without a purchase order (eg staff expenses) must have the prior approval of the budget holder.

The use of staff personal credit cards is not permitted; purchases claimed as expenses must be made using a debit card and/or cash.

Staff are not permitted to use any form of loyalty card in the relevant transaction.

Valid VAT receipts should be solely for the goods purchased for the school and not a combined receipt containing other personal items.

It is not permitted to spend any school monies on alcohol.

APPENDIX 1

Quotations should specify the goods, materials, equipment, services or works and setting out prices, terms and conditions of contract and terms of payment.

All orders for goods and services are subject to the following rules concerning quotes and tenders below. **Goods and services costed as part of the approved school budget process will follow the financial system approval process. Contracts do require approval in the process below and communicated with the Trust to ensure that Trust contracts are not in place or being considered.**

If whatever reason the required number of quotes cannot be obtained, then the originator must provide written details to explain the omission.

	PRIMARY SCHOOLS	SECONDARY SCHOOLS	
CLASS 1 Low value transactions	£0 - £1,000	£0 - £2,500	Due regard must be made to the desirability of securing value for money by verbal enquiry and written confirmation. File notes must be kept to indicate the action taken. Business Manager approval is required prior to placing a purchase order.
CLASS 2 Intermediate value transactions	£1,001 - £5,000	£2,501 - £10,000	At least 2 written quotations required If amount > £5K then at least 3 written quotations required. Headteacher approval is required prior to placing a purchase order or entering into a contract.
	£5,001 - £25,000	£10,001 - £25,000	At least 3 written quotations required Headteacher approval together is required prior to placing a purchase order or entering into a contract.
	£25,001 - £50,000	£25,001 - £50,000	At least 3 written quotations required Headteacher approval together with CFO is required prior to placing a purchase order or entering into a contract.
CLASS 3 HIGH VALUE	£50,001 - £100,000	£50,001 - £100,000	At least 3 written quotations required Headteacher approval, CFO and CEO approval required prior to placing a purchase order or entering into a contract.
	£100,001 - £213,477	£100,001 - £213,477	Internal Tender process to be entered into. Please refer to the CFO for details. Trust Board approval required prior to placing a purchase order or entering into a contract.
	£213,477 +	£213,477 +	The current threshold for goods and services. Please refer to the Trust Competitive Tendering Policy.

Financial Scheme of Delegation

Delegation Levels: 1. Trust Members (the “Members”) 2. Trust Board of Directors (the “Board”) 3. Local Governing Body/Board (the “LGB”) 4. Trust Chief Executive Officer (or assigned member of the Executive Team) (“CEO”) 5. Headteacher/ (“HT”)

	Member	Board	CEO	HT
Develop annual individual school budget plan for Trust approval		✓	✓	✓
Approve Trust Budget		✓		
Undertake Financial efficiency review across the Trust including Benchmarking and trust wide value for money			✓	
Approval of schools in a deficit or deficit budget		✓		
Develop Trust wide Asset Management Strategy		✓		
Ensure adequate Insurance(s) is in place for buildings and people		✓		
Lettings and shared use in accordance with Lettings Policy		✓		
Writing off bad debt		✓		
Approve (sign off) contracts above £100,000		✓		
Approve (sign off) contracts between £25,000 to £100,000 - CEO			✓	
Approve (sign off) contracts between £0 – £25,000				✓
Develop, review and approve Trust wide procurement strategies and efficiency savings programme			✓	
Approve (sign off) operating leases (ensuring ESFA approval where required)		✓		
Approve (sign off) leasing agreements above £25,000 (total value over life of lease)			✓	
Approve (sign off) leasing agreements up to £25,000 (total value over life of lease)				✓



SANCTA FAMILIA

CATHOLIC ACADEMY TRUST

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