



The
**Balcarras
Trust**

Balcarras Trust Financial Procedures Policy

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1. Introduction

- 1.1 As a public body, The Balcarras Trust must ensure regularity, propriety and value for money in their management of public funds. The Trust and each of its members must therefore comply with the principles of financial control outlined in the current Academy Trust Handbook, published by the Department for Education.
- 1.2 The Trust has put into place a series of policies which expand on that and set out the standards and expectations for accounting procedures and systems in place across the Trust.
- 1.3 The purpose of this document is to bring together all Trust policies relating to Financial Management into a single record to ensure that The Balcarras Trust and each of its constituent schools maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management.
- 1.4 The Trust Board and the schools operating within the Trust must comply with the principles of financial control outlined in the Academy Trust Handbook published annually by the
- 1.5 Department for Education. This policy expands on the ATH and provides detailed information on the Trust's accounting procedures and system manual which should be read by all staff involved in financial systems.
- 1.6 It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education.

2. Financial Policy and Overview

- 2.1 It is our policy to develop and maintain a budgeting and accounting control system which:
 - 2.1.1 provides a framework for strategic planning and budgeting
 - 2.1.2 enables income and expenditure to be identified and controlled
 - 2.1.3 ensures a set of auditable financial statements can be prepared which give a true and fair view of the state of all financial affairs at the Trust, considering statements of standard accounting practices where relevant but subject to the accounting policies and disclosure requirements issued by the Department for Education.
 - 2.1.4 enables the Trust to complete the regular financial returns required by the Department for Education due dates.
 - 2.1.5 safeguards the Trust's assets
- 2.2 Such systems should:
 - 2.2.1 be cost effective
 - 2.2.2 comply with all statutory requirements and other regulations relevant to the constitution and activities of the Trust.
 - 2.2.3 be easily understood by members of the Trust staff responsible for its operation.

3. Organisation

- 3.1 The Balcarras Trust is the statutory body for all of its member schools; as such the Trust Board is responsible for the standards and operation of all schools in the Trust.
- 3.2 The Trust Board has an established Local Advisory Board in each school and, agreed scheme of delegation.

4. Members and trustees

- 4.1 The Balcarras Trust is a company limited by guarantee and exempt charity.
- 4.2 The Board of Trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of state agrees with them.

4.3 All academy trusts have both members and trustees. The roles of members and trustees are described in the DfE's Governance Handbook and they must also be aware of the Charity's Commission's guidance for trustees "CC3: The Essential Trustee". The main points are reproduced below.

4.4 Members

4.4.1 As charitable companies limited by guarantee every trust has members who have a similar role to the shareholders of a company limited by shares. There must be at least three members, none of which can be staff and preferably not trustees. They:

- 4.4.1.1 are the subscribers to the trust's memorandum of association (where they are founding members)
- 4.4.1.2 may amend the articles of association subject to any restrictions in the articles or in the trust's funding agreement or charity law
- 4.4.1.3 may, in certain circumstances, appoint new members or remove existing members
- 4.4.1.4 have powers to appoint trustees as set out in the trust's articles of association and powers under the Companies Act 2006 to remove trustees
- 4.4.1.5 may, by special resolution, issue direction to the trustees to take a specific action
- 4.4.1.6 appoint the trust's external auditors and receive (but do not sign) the audited annual report and accounts (subject to the Companies Act)
- 4.4.1.7 have power to change the school's name and, ultimately, wind it up

4.5 Trustees

4.5.1 The Trustees of The Balcarras Trust are both charity trustees and company directors. This policy refers to them as trustees.

4.5.2 The Board of Trustees manages the business of the academy trust and should focus strongly on three areas of governance:

- 4.5.2.1 ensuring clarity of vision, ethos and strategic direction
- 4.5.2.2 holding executive leaders to account for the educational performance of the organisation and its pupils, the performance management of staff and ensuring effective financial performance
- 4.5.2.3 overseeing and ensuring effective financial performance

4.5.3 The main financial responsibilities are as follows;

- 4.5.3.1 To set and review the terms of reference for all sub-committees, including any delegations of financial responsibilities to the Finance Committee and/or others within the Trust. These shall then be appended to this policy.
- 4.5.3.2 Regular monitoring of the Trust's actual income and expenditure against budget: e.g. direct grants such as pupil premium and sports grant.
- 4.5.3.3 Monitoring of contracts for goods/services within the Trust but for above.
- 4.5.3.4 Ensuring compliance with standards, policies and schemes of delegation.
- 4.5.3.5 Ensuring relevant reports are prepared for the Trust Board in a timely manner.
- 4.5.3.6 Detailed monitoring of expenditure, virements, income and cash flow for the Trust.
- 4.5.3.7 Authorising the award of contracts within limits as delegated by the Trust Board.
- 4.5.3.8 Authorising changes to the Trust personnel establishment.
- 4.5.3.9 Reviewing the reports of the Internal Auditor on the effectiveness of, and any risks to, the financial procedures and controls and agreeing a programme of work that will address any issues identified, inform the statement of internal control and so far as is possible, provide

assurance to the external auditors. These reports must be shared with the full Local Advisory Board and with the Board of Trustees where any issues identified may also apply to other schools within The Trust.

4.5.3.10 The board of trustees **must** ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration. Decisions about executive pay may be challenged by DfE. The board **must** discharge its responsibilities effectively, ensuring its approach to, and levels of, pay and benefits is transparent, proportionate and defensible. This **must** be documented in an agreed pay policy, which sets out the process for determining executive pay and includes:

- independent scrutiny by the board
- robust decision-making that demonstrates justifiable pay proportionality
 - that pay and benefits represent good value for money and are defensible relative to the public sector market
- documented decision making with rationale and approval by the board
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term

4.5.4 The Trustees **must** apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management. They should follow the Governance Handbook, which describes the following features of effective governance and will aid compliance with the Academy Trust Handbook:

- 4.5.4.1 **strategic leadership** that sets and champions vision, ethos and strategy
- 4.5.4.2 **accountability** that drives up educational standards and financial performance
- 4.5.4.3 **people** with the right skills, experience, qualities and capacity
- 4.5.4.4 **structures** that reinforce clearly defined roles and responsibilities
- 4.5.4.5 **compliance** with statutory and contractual requirements
- 4.5.4.6 **evaluation** of governance to monitor and improve its quality and impact

4.5.5 The Trustees **must** comply with the Trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement. Their statutory duties as company directors are set out in more detail in the Companies Act 2006, but in summary, they are to:

- 4.5.5.1 act within their powers
- 4.5.5.2 promote the success of the Trust
- 4.5.5.3 exercise independent judgement
- 4.5.5.4 exercise reasonable care, skill and diligence
- 4.5.5.5 avoid conflicts of interest
- 4.5.5.6 not accept benefits from third parties
- 4.5.5.7 declare interest in proposed transactions or arrangements

4.5.6 These duties are especially relevant when entering into transactions with connected parties.

4.5.7 The Board of Trustees should identify the skills and experience that it needs, including financial knowledge and address any gaps through recruitment, and/or induction, training and other development activities. The Governance Handbook identifies a range of training material to help

trustees develop and engage fully with their role, which includes a competency framework for governance, which we will complete annually.

- 4.5.8 The Board of Trustees recognises that it would be impractical to undertake all day-to-day activities itself in discharging its responsibilities and it is necessary to delegate some of its functions through committees and the Headteacher.
- 4.5.9 The delegated powers and duties referred to in this manual apply to all committees, the CEO and CFO.
- 4.5.10 The CEO may also delegate, provided the terms of further delegation are clearly made and documented.
- 4.5.11 The Board of Trustees will keep under review its financial management arrangements and make amendments as necessary.
- 4.5.12 This Finance Manual will be reviewed annually by the Finance & Resources Committee to incorporate the views and requirements of The Balcarras Trust external auditors as detailed in their audit report. The procedures should always comply with Department for Education requirements.
- 4.5.13 Compliance with this manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the CEO.
- 4.5.14 The main responsibilities of the Board of Trustees includes:
 - 4.5.14.1 ensuring that grants from the Department for Education are used only for the purposes intended.
 - 4.5.14.2 approval of the annual budget.
 - 4.5.14.3 appointment of the CEO.
 - 4.5.14.4 appointment of the CFO in conjunction with the CEO.

4.6 The Finance & Resources Committee

- 4.6.1 The Finance & Resources Committee is a committee of the Board of Trustees. The Finance & Resources Committee meet once per term (6 times per year) but more frequent meetings can be arranged if necessary.
- 4.6.2 The quorum shall be three Trustees and the Committee shall not meet without the CEO being present or a substitute nominated by them other than if the Committee needs to discuss items directly related to the CEO.
- 4.6.3 The Committee will keep minutes of each meeting and circulate copies to all members of the Board of Trustees at or before the next Board of Trustees meeting.
- 4.6.4 The purpose of the Committee:
 - 4.6.4.1 to fulfill their responsibilities under their Articles of Association, Funding Agreement and the Academy Trust Handbook, to ensure robust governance and effective financial management arrangements
 - 4.6.4.2 to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity
 - 4.6.4.3 to make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis
 - 4.6.4.4 major issues will be referred to the Board of Trustees for ratification
 - 4.6.4.5 providing assurance to the Trust Board that the Trust is compliant with its financial systems and controls.

- 4.6.5 The main responsibilities of the Finance & Resources Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. The main responsibilities include:
- 4.6.5.1 review the external auditor's plan each year
 - 4.6.5.2 review the annual report and accounts
 - 4.6.5.3 review the auditor's findings and actions taken to direct the Internal Scrutiny Programme
 - 4.6.5.4 To support the Trust Board in financial scrutiny & oversight
 - 4.6.5.5 To scrutinise the budget to provide a balanced budget to the Board for approval and to ensure the Trust maintains its ability to operate as a going concern.
 - 4.6.5.6 To contribute to the formulation of the Trust's development plan, through the consideration of financial priorities and proposals.
 - 4.6.5.7 Agree a written scheme of delegation of financial powers to facilitate operational effectiveness whilst maintaining robust internal controls for recommendation to the Board for approval.
 - 4.6.5.8 To undertake planning and oversight of capital projects in consultation with the CEO and CFO.
 - 4.6.5.9 To ensure budget forecasts and returns are submitted in line with the requirements of the Academy Trust Handbook and those audited accounts are published annually by 31st December each year.
 - 4.6.5.10 To review financial processes to ensure effective practices are in place to support achievement of value for money and reduction of possibility of fraud and theft.
 - 4.6.5.11 To appoint an Internal Auditor on behalf of the Trust Board and receive, consider and respond to reports from the auditor on internal controls.
 - 4.6.5.12 To recommend to the Trust Board the appointment or reappointment of the auditors.
 - 4.6.5.13 To review the findings of the external auditor and agree an action plan arising from it.
 - 4.6.5.14 To review and consider the auditors management letter to ensure it is based on a good understanding of the Trust and to establish if any recommendations have been acted upon .
 - 4.6.5.15 To review at least annually risks faced by the Trust to challenge the risk review and agree plans to recommend to the Board to address any issues raised and to ensure adequacy and ongoing improvement of the Trust's controls and risk management.
 - 4.6.5.16 To scrutinise the annual review of assets and agree any actions required.
 - 4.6.5.17 To ensure Whistleblowing procedures are published and responded to fully.
 - 4.6.5.18 To establish and review delegated policies and monitor practice including finance, charging and risk management.

4.7 The Audit & Risk Committee

- 4.7.1 The Audit & Risk Committee is a Committee of the Trust Board with the specific responsibility of providing assurance to the Trust Board that the Trust is compliant with its financial systems and controls.

4.8 The Accounting Officer

- 4.8.1 Within the framework of the Trust strategy plan as approved by the Trust Board the CEO, as Accounting Officer, has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the CFO but the CEO still retains responsibility for:

- 4.8.1.1 dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and the Academy Trust Handbook, and compliance with internal procedures. This includes spending public money for the purposes intended by Parliament
- 4.8.1.2 ensuring value for money by achieving the best possible educational and wider social outcomes through the economic, efficient and effective use of all the resources in the Trust's charge and the avoidance of waste and extravagance. A key objective is to achieve value for money not only for the Trust but for taxpayers more generally
- 4.8.1.3 ensuring that all Department for Education reporting requirements are submitted in the prescribed format and at the time required
- 4.8.1.4 ensuring that administrative and financial staff clearly understand their role and the limits of their responsibilities
- 4.8.1.5 ensuring bank accounts, financial systems and financial records are operated by more than one person.
- 4.8.1.6 ensuring that spot checks are made on the bank statements and ledgers by either themselves or a member of the SLT.
- 4.8.1.7 signing cheques and BACS payments in conjunction with the other authorised signatories.
- 4.8.1.8 approving new staff appointments within the authorised establishment, except for any senior staff posts which the board of trustees has agreed should be approved by them
- 4.8.1.9 authorising orders and contracts between £5,000 and £9,999 in conjunction with the CFO.
- 4.8.1.10 The Accounting Officer must take personal responsibility for assuring the board that there is compliance with the funding agreement and the Academy Trust Handbook.
- 4.8.1.11 The Accounting Officer must advise the Trust Board in writing if it is considering it is incompatible with the Articles, Funding Agreement or Academy Trust Handbook.
- 4.8.1.12 Similarly the Accounting Officer must advise the Trust Board in writing if the Board fails to act where required by the Funding Agreement, Articles or Academy Trust Handbook. Where the Board is minded to proceed, despite the Accounting Officer's advice, the Accounting Officer must consider the Trust Board's reason and if the Accounting Officer still considers the action proposed to be in breach of the Articles, Funding Agreement or Academy Trust Handbook.
- 4.8.1.13 The Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the Department for Education with the audited accounts. They must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.
- 4.8.1.14 Department for Education's accounting officer will send a 'Dear Accounting Officer' annually to all academy trust accounting officers, covering issues pertinent to their roles such as developments in the accountability framework and findings from the Department for Education's work with trusts. Accounting Officers **must** share this letter with their members, trustees, CFO and other members of the SLT, arrange for it to be discussed by the board of trustees and take action where appropriate to strengthen the trust's financial systems and controls.

4.9 The Chief Financial Officer

- 4.9.1 The CFO works in close collaboration with the CEO through whom they are responsible to the Trustees. The CFO also has direct access to the Trustees via the Finance & Resources Committee. The main responsibilities of the CFO are:

- 4.9.1.1 The day-to-day management of financial issues including the establishment and operation of a suitable accounting system;
- 4.9.1.2 the management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the trustees and CEO.
- 4.9.1.3 the maintenance of effective systems of internal control.
- 4.9.1.4 ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust.
- 4.9.1.5 the preparation of monthly management accounts.
- 4.9.1.6 signing BACs payments in conjunction with the CEO or other authorised signatories and
- 4.9.1.7 ensuring forms and returns are sent to the Department for Education in line with the timetable in the Department for Education guidance, including any bid preparation and submission.
- 4.9.1.8 Preparing and monitoring the budget for the Trust.

4.10 The Governance Professional (Clerk to the Board)

- 4.10.1 The Trust should appoint a Governance Professional to support the Board of Trustees who is someone other than a trustee, principal or chief executive of the trust. A Governance Professional can help the efficient functioning of the board by providing:
 - 4.10.1.1 administrative and organisational support
 - 4.10.1.2 guidance to ensure the Board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance
 - 4.10.1.3 advice on procedural matters relating to operation of the Board

4.11 Other Staff

- 4.11.1 Other members of staff, primarily the two Finance Officers and budget holders, will have some financial responsibilities and these are detailed in various sections of this policy.
- 4.11.2 All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

4.12 Register of Business Interests

- 4.12.1 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 trustees and staff with significant financial or spending powers 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.
- 4.12.2 Members and Trustees have a responsibility to avoid any conflict between their business and personal interests as well as the interests of the Trust. A Register of Business Interests detailing any areas of possible conflict shall therefore be maintained by the Governance Professional and published on the Trust's website.
- 4.12.3 The Register should include all business interests such as directorships, partnerships, shareholdings and other appointments of influence within a business or other organisation which may have dealings with the Trust, trusteeships and governorships at other educational institutions and charities. Disclosures should also include business interests of relatives and other individuals who may exert influence. For each interest, the name of the business, the nature of the business, the nature of the interest and the date the interest began should be recorded. This information must be published on our website.
- 4.12.4 The register must also identify any relevant material interests from close family relationships

- 4.12.5 The existence of a Register of Business Interests does not, of course, detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees or a committee. Where an interest has been declared, Trustees and staff should not attend that part of any committee or other meeting.
- 4.12.6 The Trust should avoid practices such as obtaining goods and services which may include an element of private use for Trustees or staff.

5. Audit Requirements

5.1 Statutory audit

- 5.1.1 In accordance with the Companies Act 2006, The Balcarras Trust must:
- 5.1.1.1 appoint an auditor, to certify whether the accounts present a true and fair view of the trust's financial performance and position
 - 5.1.1.2 produce audited accounts to be submitted to the Department for Education by 31st December, published on the Trust's website by 31st January and filed with Companies House under company law, usually by 31st May
 - 5.1.1.3 The contract for the audit must be in writing. This must take the form of a letter of engagement. The letter of engagement must only cover the external audit.
 - 5.1.1.4 If additional services are to be purchased, a separate letter of engagement must be obtained which must specify the precise requirements of the work and the fees to be charged.

5.2 Removal of auditors

- 5.2.1 The letter of engagement must provide for the removal of auditors, before the expiry of the term of office, in exceptional circumstances. Proposals to remove auditors must require a majority vote of the members who must provide reasons for their decision to the Trust Board. If the auditors resign, there must be a requirement in the letter of engagement for them to provide the trust with an explanation, within 14 days of their resignation.
- 5.2.2 The Board of Trustees must notify the Department for Education immediately of the removal or resignation of the auditors. In the case of removal, the Trust Board must notify the Department for Education of the reasons for the removal.
- 5.2.3 In the case of resignation, the Trust must immediately copy to the Department for Education a statement of explanation from the auditors.
- 5.2.4 A change in auditor at the expiry of their agreed term of office does not require notification to the Department for Education.

5.3 Internal Scrutiny

- 5.3.1 The Balcarras Trust must have a programme of internal scrutiny to provide independent assurance to the board that the financial and non-financial controls and risk management procedures are operating effectively.
- 5.3.2 The Trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the Department for Education by 31st December each year when it submits its audited annual accounts.
- 5.3.3 Internal scrutiny must focus on:
- 5.3.3.1 Evaluating the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are designed effectively and efficiently, and checking whether agreed procedures have been followed

5.3.3.2 Offering advice and insight to the Board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the Trust.

5.3.3.3 Ensuring all categories of risk are being adequately identified, reported and managed.

5.3.4 The Board of Trustees must identify on a risk basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly.

6. Fraud

6.1 The Trust must notify the Department for Education, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year.

6.2 Unusual or systematic fraud, regardless of value, must also be reported. The following information is required:

6.2.1 full details of the event(s) with dates

6.2.2 the financial value of the loss

6.2.3 measures taken by the Trust to prevent recurrence

6.2.4 whether the matter was referred to the police (and why if not)

6.2.5 whether insurance the RPA have offset any loss

7. Scope of Finance Manual

7.1 The Finance Manual is intended to cover all the financial aspects of the management of the Trust.

7.2 The manual has been prepared to establish policies and to provide a sound framework for the members of staff involved directly or indirectly in the financial affairs of the Trust

7.3 The manual is intended to provide a balance between permitting the Trust the necessary freedom to take advantage of the additional authority associated with its status and maintaining due regard for the proper accountability for and control over the expenditure.

7.4 It is not possible to cover every possible eventuality. If there are specific matters not covered within the manual, they shall be resolved within the spirit of the policies and guidelines prescribed herein and good accounting practice.

7.5 Regular reviews of all the procedures and policies covered by the manual shall be performed having due regard to the need to obtain value for money. The Trust staff shall, therefore, have due regard to economy, efficiency and effectiveness when using resources.

8. Accounting Principles

8.1 The accounting principles adopted by the Trust shall at all times be in accordance with the guidelines issued by the Trust and the Department for Education.

8.2 Returns shall be prepared in accordance with the historical cost convention. It is also important in assessing the effectiveness of the Trust's financial control arrangements that there is consistency of accounting treatment to allocating costs between income and expenditure headings on financial returns.

8.3 Year-end accounts and returns shall be completed on an accruals basis. This income will be shown at the point when it is due to the Trust, whether or not it has actually been received and expenditure at the point when the relevant goods or services are received, whether or not payment has actually been made.

8.4 It is not correct to show on returns, including the annual accounts, values for goods which were ordered in the period covered by the return but had not yet been received by the Trust.

9. Accounting system

- 9.1 All the financial transactions of the Trust must be recorded on Xero for Education. The Trust payroll is administered by Edupay. The main areas of the systems are operated by the Finance and HR team, and only accessible by them. However there is an area of Xero for Education where budget holders and Headteachers have access to the system to enable them to raise requisitions.

10. System Access

- 10.1 In line with an up-to-date recommendation from the NCSC, access to information within the Trust's Microsoft 365 tenancy is protected by Multi-Factor Authentication using passwords that do not change unless they are compromised.
- 10.2 The financial accounting Xero for Education, accessed via browser over the public internet and is secured by Xero.
- 10.3 The payroll system Edupay is hosted by TES, accessed via browser over the public internet and is secured by TES
- 10.4 Access to the component parts of Xero for education and Edupay payroll system are delegated using Role Based Access Control (RBAC) by the CFO for all members of staff using the system.

11. Back-up Procedures

- 11.1 The financial accounting software is purchase as Software as a Service (SaaS) of which the contract states backups are the responsibility of Xero for Education who have an SLA that service must be restored within 24 hours.
- 11.2 The payroll system is purchase as Software as a Service (SaaS) of which the contract states backups are the responsibility of TES who have an SLA that service must be restored within 24 hours
- 11.3 The CFO in conjunction with the IT manager has prepared a critical incident plan, which details what would happen in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by trustees of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

12. Transaction Processing

- 12.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the policy. Bank transactions/reconciliations should be input by the Finance Officers and the input should be checked, signed and dated to evidence this check, by the CFO.

13. Reconciliations

- 13.1 The Finance Officer is responsible for ensuring the following reconciliations are performed each month and signed and dated:
- 13.1.1 catering income/expenditure.
 - 13.1.2 payroll control account.
 - 13.1.3 Sales ledger control account.
 - 13.1.4 Purchase ledger control account.
 - 13.1.5 bank balance per the nominal ledger to the bank statement.
 - 13.1.6 VAT Control account.
 - 13.1.7 All suspense accounts.
- 13.2 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will review and sign and date all reconciliations as evidence of his/her review. These are then also signed monthly by the CEO.

14. Financial planning

- 14.1 The Trust prepares both medium term and short-term financial plans.
- 14.2 The medium-term financial plan is prepared as part of the Trust's strategic plan. The 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 years.
- 14.3 The plan provides the framework for the annual budget and three-year 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.
- 14.4 The development planning process and the budgetary process are described in more detail below.
- 14.5 Each month the CFO prepares a reforecast based on actuals to ensure an accurate year end position and monitors closely reserves level.

15. Trust Strategic Plan

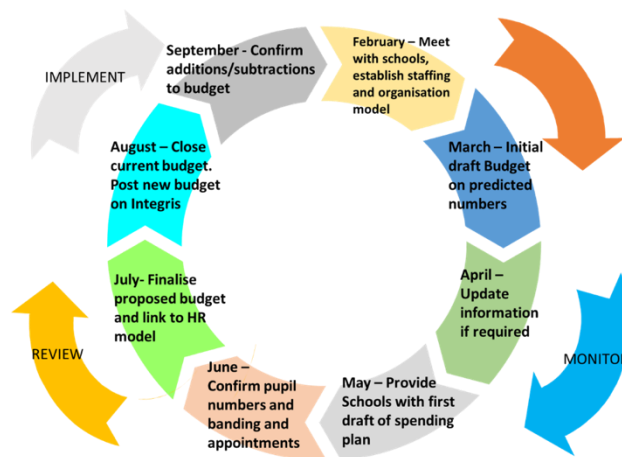
- 15.1 The Trust Strategic Plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.
- 15.2 The form and content of the strategic plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to Trust's and any annual guidance issued by the DfE.
- 15.3 Each year the CEO will propose a planning cycle and timetable to the Finance & Resources Committee which allows for:
 - 15.3.1 a review of past activities, aims and objectives - "did we get it right?"
 - 15.3.2 definition or redefinition of aims and objectives – "are the aims still relevant?"
 - 15.3.3 development of the plan and associated budgets – "how do we go forward?"
 - 15.3.4 implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
 - 15.3.5 feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 15.4 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.
- 15.5 The completed Strategic Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

16. Annual Budget

- 16.1 The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, the Finance & Resources Committee and the Board of Trustees.
- 16.2 The approved budget must be submitted to the Department for Education each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 16.3 The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and additional three years which will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 16.4 The budgetary planning process will incorporate the following elements:

- 16.4.1 forecasts of the likely number of pupils to estimate the amount of general annual grant (these forecasts should be reviewed monthly) receivable.
- 16.4.2 review of other income sources available to the Trust to assess likely level of receipts.
- 16.4.3 review of all grant income available from both the Department for Education, Local authority and Out of County placements.
- 16.4.4 use of integrated curriculum and financial planning (ICFP)
- 16.4.5 review of past performance against budgets to promote an understanding of the Trust cost base.
- 16.4.6 identification of potential efficiency savings and review of staffing requirements, based on any changes to the school curriculum plan. With an oversight of pay awards or changes to National Insurance or Pension costs.
- 16.4.7 Capital project projections and costs
- 16.4.8 Review of any funds held in trust.
- 16.4.9 Review and map of any unspent Grants from the previous year.

16.5 The Budget Cycle



16.6 It is the Trust’s policy to provide a budgetary and reporting system which:

- 16.6.1 Provides detailed annual budgets which represent the financial implications of delivering the Trust’s Strategic Plan
- 16.6.2 Encourages participation in the budget and planning process
- 16.6.3 Continues to portray a professional commercial attitude to the way the Trust manages its finances
- 16.6.4 Makes people accountable for their activities over which they have delegated responsibility and control
- 16.6.5 Provides timely and relevant financial information to the Trust
- 16.6.6 Enables the financial position of the Trust to be monitored and evaluated and provides the opportunity for the implementation of corrective action where necessary
- 16.6.7 Enables the Trust to make the best use of the available resources

16.7 The Trust must submit these budgets to the Department for Education in a form specified by the Department for Education:

16.7.1 An Academies budget forecast return three year (BFR3Y) each July

16.8 In accordance with deadlines published annually. These must be approved by Trustees before submission.

16.9 Balancing the Budget

16.9.1 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

16.10 Finalising the Budget

16.10.1 Once the different options and scenarios have been considered, a draft budget should be prepared by the CFO for approval by the CEO, the Finance & Resources Committee and the Board of Trustees. Later, a final budget should be approved in the same way. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

16.10.2 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

16.11 Monitoring and Review

16.11.1 Within the monthly management accounts prepared by the CFO, reports will detail actual income and expenditure against budget, variation to budget Report, reforecast and cash flows and a balance sheet. Management accounts must be shared with the Chair of Trustees every month and with the other Trustees six times a year, even if they do not meet in each of those months. The Board must consider these when it does meet, and minute it.

16.11.2 The CFO meets with the Heads of each of the schools every month to run through all of their curriculum budget variances.

16.11.3 Any potential overspend against the budget must in the first instance be discussed with/between the CEO and the CFO. The accounting system will not allow payments to be made against an overspent budget without the approval of the CFO.

16.11.4 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.

16.11.5 Should the need for virement arise then any substantial virements shall be approved and minuted by the Finance & Resources Committee and should be within the agreed criteria and financial limits.

16.11.6 The CFO is given the delegated responsibility to vire from one budget to another and shall seek approval from the Trust Board and CEO where the amount exceeds £5,000.

17. Management Accounts

17.1 Monthly reports are prepared by the CFO. The reports include:

17.1.1 actual income and expenditure against budget (shown as month to date and cumulatively)

17.1.2 balance sheet

17.1.3 cash flow forecast

- 17.1.4 Details of any capital spend
- 17.1.5 Any budget/forecasts amendments
- 17.1.6 Summary highlighting and explaining all variances

18. Review of Regularity

- 18.1 The Accounting Officer reviews the following documents monthly to ensure the Academy Trust is working within the boundaries of regularity and propriety:
 - 18.1.1 reviews management accounts
 - 18.1.2 reviews compliance against the scheme of delegation
 - 18.1.3 reviews transactions for evidence of connected party transactions
 - 18.1.4 value for money practice
 - 18.1.5 reviews and signs monthly payroll reports
 - 18.1.6 reviews and signs all monthly reconciliations
- 18.2 The Accounting Officer has delegated the following responsibilities to The Chief Finance Officer.
 - 18.2.1 adherence to tendering policies
 - 18.2.2 review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook
 - 18.2.3 review of trustees/governors' minutes

19. Work undertaken during accounting period

- 19.1 The Chief Finance Officer is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
 - 19.1.1 reviewing the structure of the trial balance
 - 19.1.2 maintaining a fixed asset register
 - 19.1.3 monthly depreciation charges
 - 19.1.4 maintaining income and expenditure records (including filing of invoices)
 - 19.1.5 reviewing aged debtors for any provisions required
 - 19.1.6 maintaining a record of members/trustees interests, related and connected party transactions
 - 19.1.7 control account reconciliations (bank, wages, debtors, creditors,VAT)
 - 19.1.8 maintaining a record of meeting attendance
 - 19.1.9 Monitoring & reporting to the Accounting Officer and Members/Trustees
 - 19.1.10 Production of management accounts.

20. Work undertaken for the year end

20.1 The Chief Finance Officer is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

20.1.1 prepayments and accruals for expenditure

20.1.2 prepayments or accruals for grant income

20.1.3 control account reconciliations (bank, wages, debtors, creditors, VAT)

20.1.4 close down of the purchase ledgers

20.1.5 lose down of the Sales ledgers and aged debtors

20.1.6 pension valuations

20.1.7 Pension Audit

20.1.8 Building valuations on the joining of a new Academy

20.1.9 reserves reconciliation.

21. Payroll

21.1 Staff Appointments

21.1.1 The Board of Trustees has approved an HR establishment for the Trust.

21.1.2 Changes can only be made to this establishment with the express approval in the first instance of the Finance & Resources Committee who must ensure that adequate budgetary exists for any establishment changes.

21.1.3 The CEO has the authority to appoint staff within the authorised establishment except for members of the Senior Leadership Team and Management Team whose appointments must follow consultation with the Trustees. The HR Advisor maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to CFO and HR advisor.

21.2 Payroll Administration

21.2.1 The Trust payroll is outsourced to Edupay with data input each month by the Payroll Clerk. Access to the system is password controlled. This is a cloud based system with password control procedures described in section two of this manual.

21.2.2 New staff can only be added to the payroll with the express approval of the CFO. When a vacancy arises the vacancy can only be approved and added once the CFO has approved this. If the CFO has not approved the vacancy request then this member of staff will not be paid. New staff must complete all relevant payroll documents issued by the HR Advisor with their offer letter. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

21.2.3 Salary amendments can only be made with the express approval of the CFO.

21.2.4 Staff can only be terminated from the payroll with the express approval of the CEO, HR Advisor and CFO

21.2.5 Payment for sickness or maternity must be authorised by the CFO and HR Advisor in line with the employment contract for the individual.

21.2.6 Where leave of absence is discretionary, payment can only be made with the express approval of the CEO or CFO.

- 21.2.7 Additional hours or casual workers will be paid on submission of a claim form on Edupay and authorised by their line manager by the last working day of the month. Failure to do this may result in non-payment of salary by the Academy. In these circumstances, the salary payment may not be paid until the next payroll run in the following month.
- 21.2.8 The HR Advisor is authorised by the board of trustees to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc. Notifications are updated to the payroll system by the HR Officer.

21.3 Salary Payments

- 21.3.1 Once the payroll has been run by Edupay a draft costings report **must** be reviewed and authorised by the CFO and CEO. Any discrepancies must be raised with Edupay and rectified before authorisation and by the deadlines issued by Edupay.
- 21.3.2 All salary payments are made by BACS transfer on the 26th day of each month unless this falls on a weekend or a bank holiday in which case payments will be made on the previous working day.
- 21.3.3 Payslips are available to view via the employee's Edupay portal. Each member of staff is issued with a personal ID to access their individual account using their own personal email address.
- 21.3.4 The payroll is authorised after being checked by the Payroll Clerk and CFO.
- 21.3.5 Once the payroll has been authorised payroll reports are available to download from Edupay. These are saved to the school network for Payroll Clerk, CFO and HR Advisor's use only.
- 21.3.6 The Finance Officer will update the nominal ledger with the payroll costs for the month on Xero for Education. The Finance Officer should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, and individual cost centres have been correctly updated.
- 21.3.7 BACS notifications must be downloaded when notified via email to ensure the correct payments have been made in line with the Edupay reports.
- 21.3.8 On a monthly basis the CFO must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.
- 21.3.9 All transactions and deductions involving Teachers Pension Agency will be audited on an annual basis, as per the Teachers' Pension requirement. This will be carried out by the Trust's audit firm or similarly qualified body.
- 21.3.10 On an annual basis the LGPS Actuary valuation will also take place.

21.4 Staff expenses

- 21.4.1 Any staff expenses over £50 are to be paid via expense claims into payroll. This includes any staff reimbursement for damages.
- 21.4.2 Limits set for damages – vehicles are excluded from this policy as all cars parked on Trust sites are parked at owners' own risk with no liability accepted by the Trust or Schools.

21.5 Salary advances

- 21.5.1 The trust does not award salary advances.

21.6 Severance payments

- 21.6.1 The Trust is able to self-approve the non-contractual element of severance payments up to published amounts. A business case must be presented before agreeing a payment, using the form provided by Department for Education on Gov.uk.
- 21.6.2 Where the non-contractual element is on or over the published amount, prior approval from Department for education must be sought.
- 21.6.3 The Accounting Officer must sign off and review each business case.

21.7 Ex-gratia payments

21.7.1 Any ex-gratia payments must be submitted to Department for education for prior approval.

22. Purchasing

22.1 The Trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.

22.2 The Trust wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

22.2.1 Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.

22.2.2 Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs.

22.2.3 Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

22.3 Routine Purchasing

22.3.1 Headteachers and budget holders will be informed of the budget available to them once the budget has been approved by the Board of Trustees. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder at least once each term and budget holders are encouraged to keep their own records of orders placed but not paid for. Budget holders will also have live view of their budget through Xero for Education. The Trust adopts the no purchase order no pay policy. This is communicated to all suppliers and Trust staff.

22.3.2 Routine purchases up to £1,000 can be ordered by budget holders. Choice of supplier should be discussed in the first instance with the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the CFO.

22.3.3 All orders must be made, or confirmed, in writing using an official order form via requisition on Xero for Education. Requisitions can only be approved by budget holders.

22.3.4 Once the order is approved by the budget holder the order will be made directly to the supplier by punch out or online order. All orders must have relevant VAT invoice downloaded.

22.3.5 The Finance Officer must make appropriate arrangements for the delivery of goods to the individual academies. On receipt, the budget holder must undertake a detailed check of the goods received against the goods received note and against a copy of the official order form making a record of any discrepancies between the goods delivered and the official order. Discrepancies should be discussed with the supplier of the goods without delay. Goods received notes should be uploaded to Xero for Education, but also a hard copy will need to be filed with the budget holder.

22.3.6 The Finance Officer oversees any goods that are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality. The Finance Officer will keep a central record of all goods returned to suppliers this is to ensure that credit notes are received and therefore the budget can then be updated.

22.3.7 All invoices should be sent to the Finance Office. Invoice receipts will be recorded by the Finance Officer in the purchase ledger, checking:

22.3.7.1 invoice arithmetically correct;

22.3.7.2 invoice posted to purchase ledger;

22.3.7.3 goods/ services received;

- 22.3.7.4 goods/services as ordered;
- 22.3.7.5 prices correct;
- 22.3.7.6 invoice authorised for payment;
- 22.3.7.7 payment authorised;
- 22.3.7.8 VAT treated correctly and
- 22.3.7.9 payment made

22.3.8 If a budget holder is pursuing a query with a supplier the Finance Officer must be informed of the query and periodically kept up to date with progress.

22.3.9 The Finance Officer will input details of payments to be made to the purchase ledger and generate BACS payments required. BACS payments are authorised by the Finance Officer and the CFO. Where an individual invoice to a supplier is over £10,000, a signature by CEO (Accounting Officer) is required.

22.3.10 Non-order purchases must have the prior approval of the CFO. Non-order purchases must be kept to a minimum and should only take place when it will affect the smooth running of the budget department.

22.3.11 When looking at capital spend. The spend must be inline with the SDP and GEM's. GEM'S sets the Estates strategy by rag rating projects to be completed. As these projects usually hold a high value they must go through the tendering process whereby there is then approval at Finance and Resources and ultimately board.

22.3.12 The HR Advisor ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

22.4 Orders over £1,000 but less than £5,000

22.4.1 Orders over £1,000 but less than £5,000 are not required to follow the three quotations process. Budget holders are authorised to place orders up to £1,000.

22.5 Orders over £5,000 but less than £10,000

22.5.1 At least three written quotations should be obtained for all orders between £5,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and email confirmation of quotes has been received before a purchase decision is made.

22.5.2 Headteachers and Central Leads are able to authorise orders up to £10,000

22.6 Orders above £10,000 up to £50,000

22.6.1 Three formal quotations to be submitted in writing by a specified date and time and based on a written specification and evaluation criteria. It is to be noted that anything over £20,000 will also need to be approved by the Finance Committee. The CFO and CEO are able to authorise orders up to £20,000.

22.7 Orders over £50,000

22.7.1 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases over £139,688 (threshold from 01/02/2025) may fall under The Procurement Act 2023 procurement rules. The thresholds are given in the Academy Trust Handbook.

22.8 Preparation for Tender

22.8.1 The Balcarras Trust has a separate Competitive Tendering policy which should be read in conjunction with this Finance Policy.

23. Related Party Transactions

- 23.1 The CFO must ensure all related party transactions are approved by the Department for Education before the Trust enters into any contract with any related party.
- 23.2 Approval has to be sought from The Department for Education for any contracts over £40,000.

24. Trustees Expenses

24.1 All Trustees of the Trust are entitled to claim the actual costs, which they incur as follows:

- 24.1.1** childcare allowances (excluding payments to a current/former spouse or partner)
- 24.1.2** cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- 24.1.3** the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- 24.1.4** the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile
- 24.1.5** travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source.
- 24.1.6** telephone charges, photocopying, stationery, postage etc.
- 24.1.7** any other justifiable allowances

24.2 The Board of Trustees acknowledges that:

- 24.2.1** Trustees are not be paid attendance allowance
- 24.2.2** Trustees are not reimbursed for loss of earnings

24.3 Trustees wishing to make claims under these arrangements, must complete a claims form from the HR Advisor the relevant receipts. The form must be submitted to the Finance Officer within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Trustees.

24.4 Claims will be subject to independent audit and may be investigated by Board of Trustees if they appear excessive or inconsistent

25. Leasing

25.1 No lease/purchase agreements will be entered into without the prior approval of the Chief Finance Officer who will report all such agreements to the Finance & Resources Committee.

26. Energy Management

- 26.1** The Site Lead is responsible for recording, monitoring and analysing water, gas and electricity consumption monthly. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual readings should be raised with the CFO immediately.
- 26.2** The Site Lead ensures that the school's heating system is operated and run as efficiently as possible.
- 26.3** The Accounting Officer ensures that the school is purchasing energy at the most competitive prices available.
- 26.4** All staff have the responsibility to always work in an energy efficient manner (e.g. turning off computers, lights and heating when not required).

27. Income

- 27.1** The main sources of income for the Trust are the grants from the Department for Education. 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.
- 27.2** The Trust also obtains income from:
 - 27.2.1** Local authority – banding and other grants
 - 27.2.2** The public, mainly for sports and other lettings
 - 27.2.3** External agencies
 - 27.2.4** Parental donations
 - 27.2.5** Out of county pupil placement
 - 27.2.6** Student Teachers from other universities and institutions.
 - 27.2.7** Training activities.
 - 27.2.8** Voluntary contributions.
- 27.3** In addition to GAG funding from the Department for Education, the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding, etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
- 27.4** The Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.
- 27.5** Other Grants and specific funding
 - 27.5.1** In addition to the GAG funding from the Department for Education the Trust and other government funding, the Trust may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Governors/Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
 - 27.5.2** The Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.
- 27.6** Trips and other parental contributions
 - 27.6.1** The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record is retained on SCOPAY and MyCas by the Finance Officer. The Trust is committed to the general principle of free education and recognises the valuable contribution that a wide range of activities, including school visits and residential experiences, can

make towards all aspects of students' education. It also believes that all our students should have an equal opportunity to benefit from academy activities and visits (curricular and extracurricular) independent of their parent's financial means.

27.6.2 Payments are received via SCOPAY and MyCas. If cash or cheque payments are received by the Finance Officer a receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment on SCOPAY and MyCas. The cash must be signed in by the Finance Officer and countersigned by the Admin Assistant bringing the funds to the finance office.

27.6.3 The Finance Officer should review the record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis, and the lead teacher is responsible for chasing the outstanding amounts. This is maintained by SCOPAY and MyCas.

27.6.4 If a trip does not proceed a full refund will be given.

27.6.5 These receipts are then reconciled to Xero for Education by the Finance Officer.

27.7 Lettings

27.7.1 Bookings for lettings are made through the school hire website and paid by online payments.

27.7.2 These receipts are then reconciled to Xero for Education by the Finance Officer.

27.7.3 Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

27.7.4 No debts should be written off without the express approval of the Board of Trustees the Department for Education's prior approval is also required if debts to be written off are above the value set out in the annual funding letter.

27.8 Sundry income

27.8.1 Income from other sources (for example educational consultancy) is priced in consultation with the Chief Finance Officer. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay. The CFO approves all credit agreements.

27.9 REMISSIONS

27.9.1 To remove financial barriers from disadvantaged pupils, the Trust has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived.

27.9.2 As a rule students in these categories will be in receipt of Pupil Premium.

27.9.3 Additional categories of parents may claim help with some costs in the following circumstances:

27.9.4 specific individual circumstances that have caused temporary hardship

27.9.5 recently moved into hardship but not yet receiving the benefits mentioned above

27.9.6 made a specific request to the Headteacher for any other justifiable reason. The remission is at the Headteacher's discretion in conjunction with the CFO in these circumstances based on any evidence provided

27.10 Gift aid

27.10.1 To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to.

27.10.2 The Finance Team:

27.10.2.1 reconciles income against records to confirm expected amounts have been received by the donor

27.10.2.2 ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

27.11 Credit Control

27.11.1 The sales ledger shall be reviewed monthly by the CFO. Any unpaid, old invoices shall be identified via the finance system and the debtor followed up with a series of telephone calls or emails to prompt early payment. Details of any follow-up action, including telephone conversations, shall be recorded.

27.11.2 Once the debtor becomes more than one month overdue then the customer shall be formally written to request payment.

27.11.3 Should the payment be overdue for three months, it should be treated on a pessimistic basis in terms of the accounts and be referred to the Finance & Resources Committee who may then decide to take legal action.

27.11.4 The following write off limits apply:

27.11.4.1 Up to £500 – Accounting officer

27.11.4.2 £501 to £1,000 – Finance & Resources committee

27.11.4.3 Over £1,000 – Trust Board

27.12 Custody

27.12.1 The Trust aims to keep all transactions cashless, but any cash or cheque received must be kept in the Finance Office safe prior to banking.

27.12.2 Banking should take place every week or more frequently if the sums collected exceed the £1,000 (insurance limit on the Finance Office safe).

27.12.3 Monies collected must be banked in their entirety in the appropriate bank account.

27.12.4 The Finance Officers are responsible for preparing reconciliations between the sums collected the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the CFO

27.13 Cash Management

27.13.1 The Trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

27.13.2 There is currently no overdraft facility on any of the Trust bank accounts.

28. Bank Accounts

28.1 The opening of all accounts must be authorised by the Board of Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

28.2 The CEO, CFO and Finance Officers have access to online banking. All BACS payments must have two stage approvals by a Finance Officer and then CFO. This is to ensure that the correct segregation of duties is applied.

28.3 Deposits

28.3.1 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

28.3.1.1 the amount of the deposit and

28.3.1.2 a reference, such as the number of the receipt or the name of the debtor.

28.4 Payments and withdrawals

28.4.1 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories

28.4.1.1 CEO

28.4.1.2 CFO

28.4.1.3 Headteacher

28.4.2 This provision applies to all accounts, public or private, operated by or on behalf of the board of trustees of the Trust.

28.4.3 For cheques / BACS payments for individual invoices over £10,000 at least one authorising signatory must be the CEO (Accounting Officer).

28.4.4 Signatories may not sign a cheque reimbursing themselves.

28.5 Administration

28.5.1 The CFO must ensure bank statements are received on a monthly basis and that reconciliations are performed at least monthly. Reconciliation procedures must ensure that:

28.5.1.1 all bank accounts are reconciled to the Trust's cash book

28.5.1.2 reconciliations are prepared by the Finance Officer's

28.5.1.3 reconciliations are subject to an independent monthly review carried out by the CFO and CEO.

28.5.1.4 adjustments arising are dealt with promptly

29. Trust Multipay Cards

29.1 The Trust has 25 Multipay cards held against the main Trust bank account which are held by senior staff members in the Trust and the schools. Multipay card credit limits are set in line with job roles and at the discretion of the CFO. These are reviewed regularly.

29.2 These cards can only to be used when cheque or BACS payments are not possible. Any budget holder wishing to make a purchase on a multipay card must complete an order form and the purchase can then be made by the card holder. All order forms detailing the purchase must be signed by the Budget Holder.

29.3 Occasionally the credit cards are used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Administrator and card holder. This will also need to be recorded on the petty cash returns that are to be submitted each month to the Finance Officers from each school.

29.4 Receipts must be retained and matched to monthly statements by the card holder, including all purchase orders, this will then be submitted monthly to the Finance Officers. Reconciliation of monthly statements will be carried out by the Finance Officer's and will be checked and signed by the CFO.

29.5 No personal spending is allowed on cards. When not in use cards will be stored in the safe.

30. Petty Cash Accounts

30.1 The Trust maintains a maximum cash balance of £500 at each school. The cash is administered by the school administrators and is kept in the Admin office safe. Petty cash is administered once a month, and no petty cash must be used for cashing personal cheques nor paying staff loans.

30.2 Deposits

30.2.1 The only deposits to petty cash should be cheques cashed specifically for the purpose or via Trust multi pay cards. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number or multipay card, relating to the payment. All other cash receipts for whatever reason should be paid directly to the bank.

30.3 Payments and Withdrawals

30.3.1 In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by expenses via payroll.

30.4 Administration

30.4.1 The Admin Assistant at each school is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken monthly. These records are sent monthly via email including receipts to the Finance Officers, and the reconciliations are completed. Then signed off by the Chief Finance Officer.

30.5 Physical Security

30.5.1 Petty cash should be held in a locking cash box which is put in the safe overnight.

30.6 Cash Flow Forecasts

30.6.1 As part of the monthly management accounts the CFO is responsible for preparing cash flow forecasts 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.

31. Reserves

31.1 The Finance & Resources Committee, in conjunction with the Board of Trustees will aim to carry forward sufficient funds to meet the Trust's long term aims and objectives, ensuring that this does not affect its current operational activities.

31.2 Any Revenue reserves carried forward at the end of the year represent unspent resources once the Trust has met its commitments and covered its other planned expenditure. It is recommended by the Department for Education that the Trust holds a level of between 5% and 20% of income as free reserves. The CEO and Chief Finance Officer feel that a figure of £1,800,000 is sufficient to meet this and also provides the cover of around one month's running costs coupled with any cashflow timing issues that may arise. Any amounts over this figure will be reinvested into our schools for the benefit of our pupils and to further our work into our schools for the benefit of our pupils and to further our work. This value will be regularly reviewed to ensure that the level of reserves held are appropriate. If there is a need to draw on reserves then this would need prior approval of Trustees.

31.3 A Capital reserve fund is required for longer term planning, to support investment in IT and other significant equipment; to support refurbishment projects, and as contributions to Capital bids.

31.4 If the Trust has a surplus larger than 5% of its GAG allocation, the governing body through the Accounting Officer will need to submit a detailed plan stating why the academy trust requires reserves to be held at this level together with a plan for the date of expenditure.

32. Pooling of GAG

- 32.1** The Accounting Officer and Chief Finance Officer will be responsible for the monitoring of the Pooling of the GAG. The Balcarras Trust does not GAG pool. Each Academies needs will be catered for and each will have their own budget. The spends, surplus or deficits will be reported to the Board of Trustees. If the Academy feels that they have been treated unfairly all concerns can be raised at any time with the Accounting Officer or Chief Finance Officer.
- 32.2** The only fund in deficit is in respect of the Local Government Pension Scheme fund, and annual contributions were set at conversion at a level which is intended to eliminate this deficit over a period of 20 years.
- 32.3** If the Trust is anticipating a deficit at the end of any financial year, the Board of Trustees and the Accounting Officer have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Trustees must ensure that a recovery plan is submitted and approved by the Department for Education.

33. Investment Policy

- 33.1** The Investment Policy is required to ensure that investments are protected rather than maximising interest.
- 33.2** Short term investments are restricted to transfers to the Trust's deposit account. The CFO must ensure that surplus funds are deposited so as to maximise interest.
- 33.3** The CFO will ensure the Trust's current account will hold enough to cover the monthly outgoings and any surplus funds will be transferred to the deposit account on a monthly basis.
- 33.4** Details of monthly deposit account transfers will be sent by the CFO
- 33.4.1** CEO (for authority)
 - 33.4.2** Chair of Trustees (for information)
 - 33.4.3** Chair of Finance & Resources Committee (for information)
- 33.5** Where better short-term investments are available through the Money Market and funds are available to invest, the CFO needs to liaise with the CEO and the Finance & Resources Committee to consider this.

34. Gifts

- 34.1** We hold a register on the acceptance of gifts, hospitality, awards, prizes or any other benefit over the value of £25, which might be seen to compromise the personal judgement or integrity of a member of staff. This is in the staff handbook so all staff are aware of this. When giving gifts, we must ensure that the value of the gift is reasonable and fully documented and has due regard to propriety and regularity in the use of public funds.

35. Whistleblowing

- 35.1** We have a Whistleblowing Policy, and, as part of their induction, we make sure all staff are aware to whom they can report their concerns and the way in which such concerns will be managed.

36. Governance

- 36.1** The Trust must be transparent with its governance arrangements. The Trust must publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:
- 36.1.1** structure and remit of the Trust's Members, Board of Trustees, Committees and the full names of the Chair of each;

- 36.1.2 for each Member who has served at any point in the past 12 months, their full names, date of appointment, date they stepped down and relevant business and pecuniary interests including governance roles in other educational institutions;
 - 36.1.3 for each Trustee who has served at any point over the past 12 months, their full names, dates of appointment, term of office, date they stepped down, who appointed them (in accordance with the Trust's Articles) and relevant business and pecuniary interests including governance roles in other educational institutions and close family relationships;
 - 36.1.4 for each Trustee their attendance records at Board and Committee meetings over the last academic year.
- 36.2 Notification of any changes to Members, Trustees, Chair of Trustees, Accounting Officer and Chief Financial Officer must be made through the governance section of the DfE's Get Information About Schools (GIAS) register.

37. VAT

- 37.1 The CFO responsible for submitting the monthly VAT return via MTD directly from Xero for Education. The CFO compliance with HMRC for claiming the correct levels of VAT.

38. Fixed Asset Register

- 38.1 Assets purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in an Asset Register, (Serial number data relating to electro assets is held in the ICT Asset database).
- 38.2 The Asset Register should include the following information:
 - 38.2.1 asset description
 - 38.2.2 date of acquisition
 - 38.2.3 asset cost
 - 38.2.4 expected useful economic life
 - 38.2.5 depreciation
 - 38.2.6 current book value
 - 38.2.7 location
- 38.3 An electronic copy of the Asset Register is held on the system and back-up following the procedures outlined above.
- 38.4 The Asset Register helps:
 - 38.4.1 ensure that staff take responsibility for the safe custody of assets;
 - 38.4.2 enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - 38.4.3 to manage the effective utilisation of assets and to plan for their replacement;
 - 38.4.4 the external auditors to draw conclusions on the annual accounts and the Trust's financial system; and
 - 38.4.5 support insurance claims in the event of fire, theft, vandalism or other disasters.
- 38.5 Depreciation
 - 38.5.1 Depreciation on assets is as follows:

38.5.1.1 Long Leasehold land and buildings	As per UEL statement on valuation report
38.5.1.2 Furniture & Equipment	Straight line over 5 years
38.5.1.3 Computer Equipment	Straight line over 5 years

38.5.1.4 Motor vehicles Straight line over 5 years

38.5.1.5 Computer software Straight line over 2 years

38.5.2 Depreciation on assets in the course of construction is not charged until they are brought into use.

38.6 Security of assets

38.6.1 Stores and equipment must be secured by means of physical and other security devices.

38.6.2 All the items in the Register should be permanently and visibly marked as the Trust's property. 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.

38.7 Disposals

38.7.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFO and, where significant, should be sold following competitive tender. The Trust must seek the approval of the Department for Education in writing for the following transactions:

38.7.1.1 Acquiring a freehold for land or buildings

38.7.1.2 Disposing of a freehold of land or buildings

38.7.1.3 Disposing of heritage assets

38.7.2 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 licenses for software programmes have been legally transferred to a new owner.

38.7.3 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 Department for Education proportion of the sale proceeds.

38.8 Loan of Assets

38.8.1 Items of Trust property must not be removed from any premises without the authority of the CEO and CFO. A record of the loan must be recorded and booked back into the Trust when it is returned.

38.8.2 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

39. Insurance

39.1 The Trust has opted into the academies risk protection arrangement (RPA). Not all risks are covered in the RPA (e.g. motor vehicles).

39.2 The Trust must cooperate with risk management auditors and risk managers and implement reasonable risk management audit recommendations that are made to them.

39.3 The CEO must be notified immediately in writing by staff members of any loss, liability or damage or any event likely to lead to a claim by the Trust or by third parties against the Academy or any of the members of staff and shall take such action as may be necessary to satisfy any insurance policy condition.

39.4 All Trust vehicles are insured by Zurich. Any claims and issues will need to be reported to the CFO who liaises directly with Zurich.

40. Retention of Records

40.1 All accounting and financial records of the Trust shall be kept for the current year plus six years. Any Trust records relating to a Health and Safety breach need to be kept for seven years.

40.2 The proper retention of financial records is the responsibility of the CEO. The storage of records shall comply with the requirements of the Department for Education important documents are kept in a secure location.

- 40.2.1 Finance records – current year plus preceding 6 years
- 40.2.2 Supply cover insurance – current year plus preceding 6 years
- 40.2.3 Payroll and travel records – current year plus preceding 6 years
- 40.2.4 Personnel records – 5 years after an employee has left
- 40.2.5 All student files until the student reaches the age of 21