



STRONGER TOGETHER



Finance policy

Academy level contribution:	N/A	
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Incorporating direction for

- Gifts & Hospitality
- Investment
- Reserves
- Procurement & Tendering
- Anti-Fraud
- Fund Pooling and appeal mechanism

Finance Policy

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1. OVERVIEW

1.1 The objectives of this policy are to set guidelines for the establishment of sound and effective financial procedures and compliance with the requirements of statutory and regulatory authorities, as well as complying with established principles of good financial management and common sense. It is essential that these systems operate properly to meet the requirements of the Funding Agreement between the Raleigh Learning Trust (RLT), Education and Skills Funding Agency (ESFA) and the Department for Education (DfE); the Scheme of Delegation in force between Trust and Academies; the Articles of Association; the Academies Financial Handbook (published by ESFA).

1.2 RLT is determined that the culture and tone of the organisation is committed to the 10 principles of public life: objectivity, openness, stewardship, leadership, accountability, honesty and integrity, selflessness, personal judgement, the duty to uphold the law and respect for others.

1.3 The Trust and all academies that fall within the Trust aim to operate in a transparent, ethical, and accountable way which will promote effective management. It is incumbent on Members, Directors, Staff and all parties engaged by or with the RLT to observe both the letter but also the spirit of the Finance Policy. The Trust is responsible for public money and as such the duty of care is naturally set very high. Whenever in doubt and where this handbook does not specifically set out an appropriate approach, the highest principles should be observed to ensure the Trust is able to fully stand behind the approach taken by the decision maker.

2. ORGANISATION

2.1 RLT is a Company limited by Guarantee and an exempt charity, registered in England and Wales and is a Multi Academy Trust.

2.2 RLT has defined the responsibilities of each person involved in the administration of both Trust level and individual School finances. These are set out in the RLT Scheme of Delegation.

2.3 The RLT Board

2.3.1 The RLT Board has overall responsibility for the management and administration of the of the finances. The RLT Board is led by the “Chair”. It is RLT’s statutory responsibility to safeguard the assets of the company, approving and monitoring the budget and to meet all requirements of the Companies Act.

In order to support the effective operation of the Trust and the Academies, the Board has established a number of committees to which it delegates certain powers and functions.

- Two Board committees which are established to deal with Trust-wide matters – finance, resource and audit and pupil performance.
- Three NGA Cluster Local Governing Bodies which are being established to scrutinise the performance and support the effective operations of a group of schools.

2.3.2 The Trust has approved plans to establish a separate Audit and Risk Committee in 2021 which will be incorporated into later editions of this policy.

2.3.3 In addition to the above-mentioned committees, the Board established linked Trustees to scrutinise the performance of each school and provide a channel of communication and influence between the Board and each school within the Trust.

2.3.4 Terms of reference set out the constitution, membership, and procedures of the committees the Board has established, these are reviewed together with the membership of the committees on an annual basis.

2.3.5 The Board of Trustees establish the financial limits of delegated authority which are set out in the Scheme of Delegation.

2.3.6 The core responsibilities in relation to finance include:

- ensuring that educational grants are used for the purpose intended
- managing budgets to be balanced, and annual approval of those budgets
- approval and issuing of annual audited accounts to ESFA
- instructing & reviewing internal audit reports to ensure high internal rigour;
- appointment of Accounting Officer (or Chair), CFO, Clerk to the Board of Trustees and external and internal auditors
- approval of annual pay awards for all staff
- approval of all non-contractual severance payments, ensuring that ESFA approval is sought for any sums proposed that will exceed £50,000 (before income tax and other deductions)

2.4 Finance, Audit and Resource Committee

2.4.1 The committee meets at least once a term, but more frequent meetings can be arranged if necessary.

2.4.2 The main responsibilities of the committee include:

- the initial review and authorisation of the annual budget
- the regular monitoring of actual expenditure and income against budget
- ensuring that the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance to academies
- reviewing internal audit reports on the effectiveness of the financial procedures and controls.
- making recommendations about the appointment of External Auditors
- making recommendations around the role of Internal Audit and any appointments to this post
- recommending the award of contracts and purchases >£50,000 for Board approval, in line with the Schedule of Delegated Authorities
- reviewing all procurements where tenders have been raised
- recommending changes to the School personnel establishment for Board approval where required by the Schedule of Delegated Authorities
- agree, monitor the effectiveness of health and safety policies and compliance with statutory obligations under the Health and Safety at Work act 1974

2.5 The Chief Executive Officer / Accounting Officer

2.5.1 The Chief Executive Officer (the CEO) is the Executive Head of the Trust organisation and the Accounting Officer and is ultimately accountable to the ESFA and the Board of Trustees for all RLT Trust activity. Accounting officers **must** be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly [regularity](#), [propriety](#) and [value for money](#).

2.5.2 The CEO should ensure that:

- The Board of Trustees is provided with financial advice
- Proper and adequate financial systems and controls are in place
- Annual financial statements are prepared for each period ending 31 August and are audited by an independent registered auditor
- Submit a statement on regularity, propriety, and compliance each year to the ESFA with the audited accounts and demonstrate how the trust has secured value for money.

2.5.3 The CEO as accounting officer must have oversight of financial transactions by:

- ensuring the academy trust's property and assets are under the trustees' control, and measures exist to prevent losses or misuse
- ensuring bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts

2.6 The Chief Finance Officer (CFO)

2.6.1 The CEO delegates most of the day to day financial management to the CFO while retaining ultimate responsibility. In accordance with the Academies Financial Handbook, the CFO should be employed by the trust, and the trust must obtain prior ESFA approval if it is proposing, to appoint a CFO who will not be an employee. This role is currently contracted out to SAAF Education and will be reviewed on an annual basis. The CFO need not discharge all their duties personally. The Trust may employ additional staff or contractors with the relevant skills and knowledge at the appropriate time.

2.6.2 The CEO may also delegate financial management of individual academies in the Trust to the Academy Principals whilst retaining ultimate responsibility.

2.6.3 The Finance Manager provides support to the CFO in the day to day operation of the financial systems and is responsible for ensuring the maintenance of timely and accurate accounting records, budgeting and forecasting and overseeing financial audits, ESFA and other statutory returns. To the extent that the CEO has delegated financial management to the relevant Principals of individual academies, the latter are supported in the day to day budgeting of the respective academy by the Trust Finance Manager.

2.7 The Operations Manager (OM)

2.7.1 The Trust Operations Manager is responsible for managing the strategy and operation of the business functions of the Trust, including, payroll, estates, health and safety, human resources, compliance and administration. This includes leading on procurement processes, managing tenders where appropriate, conducting due diligence, benchmarking, and evaluating suppliers, negotiating deals, and ensuring value for money. The Operations Manager is also responsible for managing the payroll provision with the payroll provider and, in conjunction with the CEO and Principals, conducting reviews of the school's staffing structure to ensure effective deployment of staff and financial efficiency.

2.8 All staff are responsible for ensuring that they operate within the realms of this policy and any supporting procedures.

2.9 Internal Audit

2.9.1 Internal Audit services are appointed by the CEO to provide Trustees with an independent oversight and assurance that:

- the financial responsibilities of the RLT are being properly discharged
- resources are being managed in an efficient, economical, and effective manner
- sound systems of internal financial control are being maintained and are consistent across academies
- procurement procedures are being followed correctly
- risks relating to procurement procedures, authorisation limits and governance are being kept under review
- any other specific risks identified, from time to time, by the Finance, Audit and Resource Committee are being kept under review.

2.9.2 Internal Audit will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by RLT. The scheme of work will take account of previous audit findings and risk and agreed by the Finance, Audit and Resource Committee. A report of the findings will be presented to the Finance, Audit and Resource Committee.

2.9.3 Other forms of internal scrutiny may be undertaken as determined by the CEO and Trustees. An annual internal scrutiny report outlining the areas reviewed and recommendations will be presented to the Finance, Audit and Resources Committee and submitted to the ESFA with the statutory accounts.

3.0 REGISTER OF BUSINESS INTERESTS

3.1.1 It is vital that the Board of Trustees and staff are seen to act impartially. All members of the Board of Trustees are required to complete a declaration of their business and pecuniary interests. The CEO and all other staff with budgetary responsibility or involved in the Trust's procurement and finance functions are also required to complete declarations of business interests.

3.1.2 Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Trust in any matter relevant to an employee's duties [such as conflicting business interests] should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions to the CFO for entry into the Register of Business Interests. All personal relationships between Senior Leaders in the Trust / Academies and other staff members should be declared and a record kept with the declaration of business interests.

3.1.3 All interests will be published on the RLT Website and updated annually.

3.2 Related Party Transactions

The Trust will report all transactions with related parties to ESFA in advance of the transaction taking place, using ESFA's on-line form, and will obtain ESFA's prior approval for contracts exceeding £20,000.

3.3 Trustees Remuneration

It is illegal for Trustees to receive any remuneration for their work as Trustees other than payment of reasonable out of pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings acting in the capacity of Trustee of the Trust. It is right, however, for them to not be out of pocket as a result of their duties.

Further details are outlined in the **Trustees Allowance Policy**.

4.0 ACCOUNTING SYSTEM

4.1.1 All the financial transactions of the RLT Trust and each School must be recorded on the accounting System, currently PS Financials. The accounting system is operated by the Central Trust Finance Team and aspects by Finance Administrators and Academy Principals and anyone appointed by the Trust with the appropriate skills and experience and consists of:

- Online ordering portal for purchase orders and invoices
- Bank/Cash Transactions
- Purchase Ledger
- Sales Ledger
- General Ledger and journals
- Balance Sheet Management and reconciliations
- Enquiries and Reporting
- Payroll journals
- Asset System Management & Depreciation
- System administration

4.2 System Access

4.2.1 Entry to the accounting system is password restricted and passwords are changed on a regular basis. At no time should an individual disclose their password to anyone else. It is expressly forbidden for more than one person to access the financial system using the same username/password.

4.2.2 Access to the various components of the accounting system is restricted according to job role as agreed by the CFO / Finance Manager. Budget holders will have password secured access to the online module for the purposes of requisitioning goods and authorising purchase orders and invoices.

4.2.3 Where it is suspected that unauthorised access to any system has taken place, the CFO / Finance Manager shall be notified immediately.

4.3 Back-up Procedures

4.3.1 The CFO is responsible for ensuring that there is effective back up procedures for accounting data and that provision is made for restoring data in a disaster.

4.3.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual and the Scheme of Delegation.

4.3.2 Detailed information on the operation of the accounting system can be found in the user manuals available to all Schools.

5.0 FINANCIAL PLANNING

5.1.1 The budget is the financial dimension of the Trust Improvement Plan. By identifying and allocating financial resources, the Trust prioritises its targets and objectives and facilitates the achievement of its educational aims.

5.1.2 The Schools, in conjunction with the CFO / Finance Manager and the CEO, prepares medium term (three years) and annual financial plans.

5.1.3 The development plan provides the framework for the annual budget which is a detailed statement of the expected resources available to the School and the planned use of those resources for the following year. The annual budget will reflect the best estimate of the resources available to the School for the forthcoming year and 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.

5.1.4 The CFO / Finance Manager, in conjunction with the Academy Principals, is responsible for preparing the annual budget. A balanced budget must be approved by the Accounting Officer and the Finance, Audit and Resource Committee and any significant changes to it, which can draw upon unspent funds, or reserves brought forward from previous years. The committee must minute its approval.

5.1.5 The Trust Board **must** notify [ESFA](#) within 14 calendar days of its meeting if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years.

5.1.6 Budgets and the following returns must be approved by Trustees and submitted to the ESFA by the specified deadlines each year:

- School Resource Management Self-Assessment Tool (SRMSA) Nov
- Academies Budget Forecast Return Outturn (BFRO) May
- Academies Budget Forecast Return three-year (BFR3Y) July

5.1.7 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- review of other income sources available to the School to assess likely level of receipts
- review of past and forecast performance against budgets to promote an understanding of the cost-base
- review of staffing levels in light of pupil forecasts and needs
- identification of potential efficiency savings and review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

5.2 Monitoring and Review

5.2.1 Regular financial reports will be presented to the CEO, The Board of Trustees, Academy Principals, Budget Holders, statutory bodies, and the Education & Skills Funding Agency.

5.2.2 Monthly budget monitoring will be undertaken by the Finance Manager / CFO, Central Finance Team and Budget holders.

5.2.3 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.

5.2.4 Any potential overspend against the Academy budget must in the first instance be discussed with the CFO / Finance Manager and Senior Leadership Team/Academy Principals and highlighted at Finance, Audit and Resource Committee.

5.3 Fund Pooling

5.3.1 The Trust pools the funds of all academies with the following exceptions:

- Pupil Premium
- Pupil Premium Plus
- Ringfenced grants e.g. PE & Sports grant, Year 7 catch up grant
- Grants which individual academies have successfully bid into
- Funds for the education of pupils in special schools which are outside of place numbers [refer to Additional Pupils below]

5.3.2 At the end of the financial year the Trust will pool all surplus balances. The purpose of pooling all funding is to form one central fund which can be used to create a contingency fund, a school development fund, and a capital development fund. The Trust will consider the funding needs of each constituent academy when making allocations and any unspent ring-fenced funding that has been carried over.

5.3.3 If the Principal of an academy feels that their academy has been unfairly treated, they should appeal, in writing, to the CEO. The CEO will make a decision within 10 working days. If the appeal is not resolved to the satisfaction of the Academy Principal, they should then appeal to the Board of Trustees. The Board will make a decision within 10 working days. If the appeal is still not resolved to the satisfaction of the Academy Principal they should then appeal, in writing and via the ESFA, to the Secretary of State. The Secretary of State's decision will be final and can dis-apply the provisions for pooling.

5.4 Additional Pupils

5.4.1 The Trust accepts requests for special school places from other Local Authorities and Schools, to meet the needs of a named pupil. The anticipated income and any additional expenditure envisaged must be recorded and all arrangements must be approved by the CEO and brokered through the SEN team at Nottingham City Council, prior to the signing of the Service Level Agreement or pupil placement being agreed.

5.4.2 At the end of the financial year the Trust will pool all surplus balances. Surplus funds directly related to the education of Additional Pupils may be returned to the individual academy for the purpose of school improvement, providing that the Academy or Trust does not close the financial year or medium term financial plans with a deficit.

6.0 STAFFING, PAYROLL AND PENSIONS

6.1.1 Each Academy has an agreed staffing establishment and all new appointments must be made in accordance with the RLT Scheme of Delegation and agreed by the Academy Principal and CEO. Any appointments outside of those in the agreed budget must be authorised by the CEO.

6.1.2 Changes to contracts, including details of any new appointments, terminations, contract changes or additional payments are prepared by administrative staff and must be authorised by the Senior Leadership Team and the Central Trust Team before proceeding and passing to the payroll provider for action.

6.1.3 Changes to payroll documents (including payment of extra hours, change to pay scale etc) must be authorised appropriately and then forwarded to the payroll provider. Any documents relating to changes to payroll must be retained in the member of staff's personnel file and updated on the Trust budgeting software.

6.1.4 The payroll must be checked and reviewed by the Academy Administrators and Central Trust team and approved by the CEO before forwarding final instructions to the payroll provider.

6.1.5 All staff members personnel files will be held securely with access restricted to named employees.

6.1.6 The number of employees whose benefits exceeded £100k, will be published on the Trust's website in £10k bandings in accordance with the Academies Financial Handbook.

6.1.7 A declaration of any P11D expenses or benefits in kind will be prepared annually by the payroll provider and submitted to HMRC by the date specified (6 July in 2020), along with any outstanding NIC 1A payments.

6.1.8 All other statutory reporting requirements must be adhered to including the Workforce Census and Gender Gap Reporting where this is applicable.

6.2 Pensions

6.2.1 All staff members will be automatically enrolled in either the Teachers' Pension Scheme or the Local Government Pension Scheme as applicable to the Academy or Central Office.

6.2.2 Those members of staff not wishing to join must complete an opt out form.

6.2.3 All pension returns will be completed and submitted to the various bodies by the payroll provider. This includes the annual Teacher's End of Year Certificates (EOYC) will be independently audited and submitted to Teachers Pension by the prescribed dates (September). An annual statement of Local Government Pension Scheme (LGPS) contributions paid will be prepared by the payroll provider by the agreed dates (August) for determining the FRS102 LGPS reporting disclosures in the statutory accounts.

6.3 Staff Benefits

6.3.1 There are a number of staff benefits, in addition to salary, which have been agreed by the Board of Trustees. These include:

- Free lunches during Inset Days and at other meetings relating to Trust or Academy business
- Small gifts [up to £25 in value] in exceptional circumstances, to be authorised by the Academy Principal
- Contribution to a celebration for staff up to a maximum of £20 per staff member per annum, or £1500, whichever is lower. This could be a Christmas celebration, end of term event or other celebration i.e. successful Ofsted inspection.
- Provision of a confidential staff counselling and wellbeing service
- Provision of salary sacrifice schemes i.e. childcare vouchers.

6.4 Staff Expenses

6.4.1 Staff must seek budget holder approval for any expenditure they incur which they wish to be reimbursed by the Academy. Verbal approval must be sought for items up to £50. An official order form must be signed off by the appropriate budget holder before any items over £50 are purchased through expenses.

6.4.2 Expense claims are to be approved by the Headteacher and a VAT receipt and order form attached where appropriate. Academy Principals expenses are to be approved by the CEO and CEO expenses are to be approved by the Chair of Trustees.

6.4.3 Mileage is payable and is aligned to the HMRC mileage allowance rates. Travel claims can only be made for additional mileage over and above the standard home to work travel.

The rates which will be reimbursed are set annually by the HMRC; the current approved rates are:

- Up to 10,000 miles - 45.0p per mile for business use
- Up to 10,000 miles - 40.0p per mile for attending CPD training
- Over 10,000 miles - 25.0p per mile
- Passenger miles – 3.0p per mile
- Motorcycle – 24p per mile

6.4.4 All claims should be submitted as soon as possible, but no later than a month after incurring the expense. The submission of a false claim by a claimant is a serious offence which could result in disciplinary action.

6.5 Settlement Agreements

6.5.1 Certain transactions by public bodies may fall outside their usual planned range of activity, and may exceed statutory and contractual obligations. HM Treasury refers to these as special payments, (see annex 4.13 of Managing Public Money), and are subject to greater control than other payments. They include:

- staff severance payments
- ex gratia payments

Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service. They are different to ex gratia payments.

6.5.2 If an academy trust is considering making a staff severance payment above statutory or contractual entitlements, it **must** consider the following issues before making a binding commitment:

- that the proposed payment is in the interests of the trust
- whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at [employment tribunal](#). If there is a significant prospect of losing the case a settlement may be justified, especially if the costs incurred in maintaining a defense are likely to be high. Where a legal assessment suggests that the trust is likely to be successful, a settlement should not be offered
- if the settlement is justified, the trust would need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award

6.5.3 Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

6.5.4 RLT has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA’s approval **must** be obtained before the trust makes any binding offer to staff. ESFA will also need to refer such transactions to HM Treasury and so trusts should allow sufficient time for proposals to be considered.

Examples of approval requirements are as follows:

Statutory/contractual payment		Non-statutory/non-contractual payment	ESFA /HM Treasury approval required?
£30,000	+	£30,000	No
£60,000	+	£30,000	No
£30,000	+	£50,000	Yes – for £50,000

6.5.5 Academy trusts should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation and have a business case justifying the settlement. Settlements **must** not be accepted unless they satisfy the conditions in this handbook and in ESFA’s guidance and submission template.

6.5.6 Ex gratia payments

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of [Managing Public Money](#) provides examples, including payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

Ex gratia transactions **must** always be referred to the ESFA for approval. HM Treasury approval may also be needed. If trusts are in any doubt about a proposed transaction, they should seek [ESFA](#) advice.

7.0 PURCHASING AND PROCUREMENT

7.1 Purchasing

7.1.1 Purchasing procedures have been put in place to ensure that the Trust follows the fundamental principles of probity, accountability, and value for money. Segregation of duties is used wherever possible. The Trust is careful to apply the principles of best value for money by using known suppliers with proven capacity to provide quality, quantity, and timely delivery at a competitive price.

7.1.2 Budget holders are responsible for the management of their budget account within the limit of their budget and in relation to the Trust and/or individual academy improvement plans ensuring that the above principles are applied.

7.1.3 All requests for purchase orders should be completed through the online purchasing system and approved in accordance with the Scheme of Delegation unless it is:

- in respect of utilities, rates, agency supply staff,
- it is a low cost item of less than £50
- an emergency item of goods or services relating to Health & Safety
- transactions relating to Alternative Provision costs at the Denewood and Unity Academies as these transactions will have already been agreed via Service Level Agreement.
- an alternative process has been agreed with the Executive Team

7.1.4 The purchase of alcohol is expressly forbidden.

7.1.5 In the first instance, a supplier should be chosen from the list of preferred suppliers maintained by the Central Trust Team. A quote or price must always be obtained before any order is placed. If the budget holder feels that it is necessary to obtain goods or services from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Operations Manager.

7.1.6 The School Finance Administrator is responsible for creating orders within the online ordering system for electronic approval by the relevant Budget Holder in line with the Scheme of Delegation and online approval limits.

7.1.7 The on-line approval limits ensure purchasing is compliant with procurement and tendering regulations.

These are as follows:

Academy expenditure

School Administrator/Budget Holder*	£0 to £499
Academy Principal*	£500 up to £4999
Chief Executive Officer	£5000 and above

**excluding Premises and Capital Works*

Premises and Capital Works

Estates Lead	£0 to £499
Operations Manager	£500 to £1499
Chief Executive Officer	£1500 and above

Central Trust expenditure

Operations Manager	£0 to £1499
Chief Executive Officer	£1500 and above

7.2 Goods Received Notes (GRN) and Invoicing

7.2.1 Goods Received Notes (GRN) for goods received should be authorised by the recipient and passed to School Administrator to match against the order, on the online purchasing software. All delivery notes should be retained for audit.

7.2.2 All invoices should be sent to the Central Finance Team for processing. All suppliers have been advised of this and should any invoices be sent to the Academies in error should be forwarded to the Central Trust Finance team immediately.

7.2.3 Invoices matching the Purchase order and electronic GRN will be deemed as approved and included in the next BACS payment run. Any differences between the purchase order, GRN and invoice will be raised by the Central Finance Team with the School Administrators to either query with the supplier or (if applicable), raise an additional purchase order to cover any differences. Should there be any disputes with payment or the supplier, the Schools should alert the Central Trust Finance team immediately to withhold payment until this is resolved.

7.2.4 Invoices not requiring a purchase order will be sent electronically for approval by the budget holder in accordance with the Scheme of Delegation and online approval limits shown above.

7.3 Payments

7.3.1 All suppliers should be paid by BACs unless there are exceptional reasons why this is not possible. BACs payment runs are generated by the Central Trust Finance Team using the accounting software package and the file is uploaded to the on-line banking software. Prior to payment, the Payment Listing and BACs payment file should be approved by the CEO. The limit of a BACS run will be £400,000.

7.3.2 Under no circumstances should the bank details contained within the BACs upload text file be amended without the express permission of the Finance or Operations Manager.

7.3.3 Any requests to add new suppliers should be documented on the new suppliers form, supported by official documentation from the supplier and sent to the Central Trust Finance Team. All new supplier requests and amendments to existing suppliers' records and payment details must be approved by the Operations Manager prior to any payments being made.

7.4 Supplier Statements

7.4.1 A reconciliation should be carried out between the balance on the purchase ledger and statements received by suppliers. Copies of both supplier statements and supplier statement reconciliations should be retained on file.

7.5 Leasing

7.5.1 There are two types of lease:

- Finance leases: (form of borrowing)
- Operating leases

7.5.2 The Trust will operate within the requirements of the Academies Financial Handbook and as such will not enter into any of the following without obtaining ESFA prior approval:

- Finance Leases on any asset for any duration from another party subject to the borrowing restrictions outlined in the Academies Financial Handbook
- Any leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

7.5.3 Any operating leases, entered into, will be approved at Trust level and disclosed within the Trust financial statements as required.

7.6 Charge Cards

7.6.1 Charge cards should only be used in place of the standard purchasing order procedures where a cost saving can be demonstrated, it is unavailable from suppliers on credit, or in times of extreme emergency, where no other forms of payment are available.

7.6.2 Any purchases made using the Charge Card will follow normal Trust purchasing procedures and approvals.

- A valid receipt is required for all purchases without exception.
- Each cardholder is responsible for checking his/her cardholder statement which is authorised by the Academy Principal in accordance with the Scheme of Delegation.
- VAT receipts should be obtained wherever possible.
- The card PIN number should be kept secured and not shared with anyone else.
- Card details should not be saved online
- Charge cards must only be used for business expenditure, and balances cleared before interest accrues.
- Charge Card expenditure must keep within the approved limits
- All card holders must sign an Acceptable Charge Card Use statement.

7.6.3 Charge card expenditure limits are £40,000 over a period of two months. This currently equates to a maximum spend limit of £2500 for each of the 8 current cardholders.

7.6.4 All approved Charge Card statements and receipts should be sent to the Central Trust Finance team for processing in accordance with the month-end timetable.

7.6.5 All new Charge Cards must be approved by the CEO.

7.7 Contracts

7.7.1 All contracts over one year and exceeding Academy Principal's authority limits (according to the Scheme of Delegation) are to be approved by the CEO.

7.8 Procurement and Tendering

Best value should always be sought when procuring goods and services. A quote or price must always be obtained before any order is placed.

7.8.1 Orders over £5,000 but less than £50,000

At least three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services, in accordance with the limits set out in the Scheme of Delegation. Written details of quotations obtained should be attached to the purchase order for review by the approval and retained for audit purposes. Screen prints from website which identify the goods and clearly show a price, including delivery charge, are also acceptable.

In circumstances where it is not possible to obtain three quotations or undertake a tender exercise, prior approval by the CEO / OM will be required to proceed on a single source / single tender basis (by completing a Single Tender Justification form).

This information is reported annually to the Finance and Resources Committee. Once completed, this form should be sent to Finance for approval by the OM, CFO or CEO according to the Scheme of Delegation, **prior** to any purchase order being raised.

The exception to this will be:

- transactions relating to Alternative Provision costs at the Denewood and Unity Academies as these transactions will have already been agreed via Service Level Agreement.
- transactions undertaken via Nottingham City Schools IT as they will have already applied a best value exercise when identifying suppliers of IT goods and services.
- Trips or excursions where best value has been obtained through local authority frameworks or specialist/single providers safeguarding practices and educational outcomes.

7.8.2 Orders over £50,000 but less than £189,330

All transactions with a net value of £50,000 or above will be subject to tender. There are three forms of tender procedure: open, restricted, and negotiated and the circumstances in which each procedure would likely be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The Academy Principal must discuss and agree with the CFO / Finance Manager and Central Trust Finance Team how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - the nature of the goods are such that only specific suppliers can be expected to reasonably meet the Academy's requirements
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - it would build on previous works already done (e.g., previous supplier knowledge of site specifics),
 - additional deliveries/services by the existing supplier are justified.

Obtaining quotes appears appropriate where the service/goods being sought is reasonably standard, and the Academy can reasonably show this achieves the same aim as a tendering process with a lower administrative burden. It is in the judgement of Trustees whether this is the case.

A desktop review may be appropriate in the case of contract renewal or where financial impact on the Academy is not reflective of the contract cost.

7.8.3 Orders exceeding £189,330 (OJEU / UK Tendering Limits)

Full PPN 08/20 directive compliant tenders will be undertaken for any procurement above £189,330 (the current threshold for other contracting publicly funded authorities).

Publicly funded procurements, formerly advertised via the Official Journal of European Union (OJEU), will be published on the UK's 'Find a Tender' (FTS) portal, with effect from 1 January 2021.

8.0 INCOME

8.1.1 The main sources of income for the School are the grants from the ESFA and SEN Top up funding from the Local Authority. The receipt of these sums is monitored directly by the Central Trust Finance Team who are responsible for ensuring that all grants due to the School are collected.

In addition, Higher Needs Funding (Primary Schools), Early Years Funding and other grants secured by individual Academies are paid into the central bank account.

The School also obtains income from:

- students, mainly for trips and lunches
- sale of uniform
- the public, e.g. lettings
- donations and gifts

8.1.2 Each Academy is expected to ensure completeness of this income and to ensure outstanding sums are collected promptly. Any requests for sums to be written off must be approved in accordance with the Scheme of Delegation.

8.2 Trips and Lunches

A trip organiser must be appointed for each trip to take responsibility for liaising with the School Administrator regarding costs and organising the collection of sums due. This will include a record for each student intending to go on the trip showing the amounts due. Payments for school lunches are recorded individually by administrative staff. All monies are checked and passed to the Central Trust Finance Team or approved delegate for paying into the bank.

8.3 Lettings and Other Charges

The Trust reserves a right to charge for a variety of activities. This policy should be read in conjunction with the Trust's Lettings Policy and the Trust's Charging and Remission Policy.

8.4 Incoming Donations

Incoming donations must also align with any strategic plans and the source of the donation must not bring the Trust into disrepute.

The **Donations, Gifts and Hospitality section** gives further guidance on the acceptance of donations.

9.0 CASH MANAGEMENT

9.1 Banking Arrangements

The opening of all Trust accounts must be authorised by the Accounting Officer/CEO.

Lloyds Bank are the appointed bankers for RLT.

9.2 Deposits

The particulars of any deposit, including payee names, must be entered on a copy paying-in slip and listed on a supporting spreadsheet detailing individual receipts by pupil, cost centre / trip codes for posting to the accounting system.

All cash receipts should be paid directly into the bank. RLT does not permit the cashing of personal cheques in any circumstances.

9.3 Borrowing

9.3.1 The Trust must obtain ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable.

9.3.2 This may be approved by the ESFA through the Condition Improvement Fund (CIF) for capital projects, and the Salix scheme that supports energy saving.

9.4 Cash Handling

Cash handling should be kept to a minimum and wherever possible and practical, transactions should be carried out via online payments or cheques/BACS. Monies should be kept in a safe and secure place and promptly paid into the Trust bank account.

9.5 Petty Cash

The use of petty cash should be kept to a minimum and only where other forms of payment are not available or practical. A monthly petty cash count and reconciliation should be prepared by the School Administrators and approved by the Academy Principals before sending to the Central Trust Finance Team for processing. All receipts **must** be attached.

All petty cash should be held securely in a locking cash box and placed in the safe overnight.

9.6 Cashflow Forecasts

The CFO / Finance Manager are responsible for preparing cash flow forecasts to ensure the Trust has sufficient funds to pay for day-to-day operations. Where cashflow predicts a lack of available funds to service commitments this should be notified to the CEO immediately.

9.7 Sales invoicing and Debt Recovery

9.7.1 As part of its management of public funds, the Trust will take all reasonable steps to ensure that all debts owed to it are collected. To ensure the collection of debts, the Trust will keep a record of all services supplied, their value, the date and name of the debtor and ensure that any invoices raised state the day by which payment is due.

9.7.2 Schools wishing to raise a sales invoice should complete a sales invoice request form approved by the Academy Principal / Central Executive Team and send to the Central Trust Finance team for processing in the accounting system. The completed sales invoice will be forwarded to the customer or returned to the Schools for onward circulation, where this is requested.

9.7.3 It is expected that all invoices will be paid on time and in full. If this is not possible, debtors should contact the Academy Principal / School Administrators to make alternative arrangements for payments. Aged debtors will be reviewed monthly and any outstanding monies due are chased and recovered promptly. Any longstanding overdue payments for more than 90 days are to be brought to the attention of the CFO / Finance Manager / OM for further guidance.

9.7.3 Any formal write-off of debts must be made in accordance with the Scheme of Delegation.

10.0 CAPITALISATION AND DEPRECIATION OF ASSETS

10.1 Fixed Assets

10.1.1 The Board of Trustees is responsible for the safe custody and physical control of all buildings, equipment, furniture, etc. The fixed asset register will be managed electronically and will list all items [or a specific group of items purchased] valued at over £1000 that are considered to have a life longer than the financial year they were purchased in.

10.1.2 Physical counts will be undertaken against the fixed asset register annually. Any discrepancies in excess of £1,000 between the physical count and the fixed asset register are reported to the Board of Trustees.

10.2 Depreciation

10.2.1 Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset, less their estimated residual value, over its expected useful life.

10.2.2 Depreciation will be charged at the following rates:

Asset Group	Depreciation Method
Leasehold Land	Over the term of the lease (125 years)
Leasehold Property	Over the useful economic life (33 to 50 years)
Leasehold improvements	Over the useful economic life (10 years)
Furniture and equipment	20% (5 years) on a straight-line basis
Computer Equipment	33.33% (3 years) on a straight-line basis
Assets under construction	These are not depreciated until the asset is brought into use
Motor Vehicles	20% (5 years) on a straight-line basis

10.3 Disposal of Assets

10.3.1 It is the responsibility of the appropriate Budget Holder to identify any assets which are surplus to requirements. The disposal of assets with a carrying value [cost less accumulated depreciation] must be approved by the CEO and notified to the CFO / Finance Manager. The disposal of any asset with a carrying value above £5,000 will be reported to the Board of Trustees.

11.0 MANAGEMENT ACCOUNTS

11.1 The CFO / Finance Manager / Central Finance Team are responsible for preparing monthly management accounts for each School and consolidated position for the Trust. A monthly timetable will be issued setting out the processing timescales both at individual Academies and Trust Centre.

11.2 Reconciliations

11.2.1 The Central Trust Finance staff are responsible for ensuring a full balance sheet reconciliation is performed each month, and that any reconciling or balancing amounts are investigated and subsequently cleared.

The following reconciliations will be performed:

- sales ledger control account
- purchase ledger control account
- payroll control accounts
- assets system to nominal ledger balance sheet
- all suspense accounts cleared down
- bank balance per the nominal ledger to the bank statement
- charge card control account
- petty cash is physically counted and approved by the Academy Principal where this is held.

11.2.2 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO/Finance Manager and Central Trust Finance team. The Finance Manager will approve all reconciliations as evidence of this review.

Other reconciliations may be undertaken to support the month-end processes.

11.3 Reporting

11.3.1 In accordance with the Academies Financial Handbook, Management accounts will be reported to the Chair of Trustees monthly and to all Trustees at least six times a year. These reports will be presented to the Finance, Audit and Resource Committee at regular intervals (termly or more frequently) for consideration and will minute their review and findings.

11.3.2 As a minimum, management accounts will consist of the actual figures for the month and year to date compared to budget and a year-end forecast. The forecast should be discussed with each individual Academy Principal at regular intervals and updated, as necessary.

11.3.3 At overall Trust level and as a minimum, the managements accounts will consist of the actual figures for month and year to date compared to budget, a year end forecast, a balance sheet and a cashflow forecast.

11.3.4 Once the accounts have been agreed and distributed, the period should be closed and no further postings should be made to this period.

12.0 RESERVES AND INVESTMENTS

12.1 Reserves

12.1.1 RLT intends to build up a prudent level of reserves over a period of time and will review the level of reserves annually. A level of reserves should be maintained to ensure that the Trust has sufficient working capital requirements to take account of short-term fluctuations in funding and expenditure and to support future growth plans.

12.1.2 For the purposes of this policy, the reserves balance excludes restricted fixed assets funds and liabilities arising from the Local Government Pension Schemes (LGPS).

12.1.3 The Board of Trustees is responsible for determining the level of financial reserves to be carried forward at the end of any financial year [31 August] as part of the budgeting cycle.

12.1.4 The Board of Trustees will ensure that the levels of reserves that can be carried forward at the end of the financial year will be in line with the guidance received from the DfE on the treatment of income and other grants. RLT will try to match income with expenditure in the current year and will only carry forward reserves that it considers are necessary for future year's expenditure having regard for:

- The Trust Development Plan
- Forecasts of levels of income in future years
- Forecasts for expenditure in future years
- Analysis of any further development needs and opportunities that could not be met out of annual income
- Analysis and forecast of cashflow and fund management

At the end of the financial year the Trust will pool all surplus balances. The purpose of pooling all funding is to form one central fund which can be used to create a contingency fund, a school development fund and a capital development fund. The Trust will consider the funding needs of each constituent academy when making allocations and any unspent ring-fenced funding that has been carried over.

For more details on the pooled funding arrangements, refer to 5.3 and 5.4 above.

12.2 Investments

12.2.1 Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Finance, Audit and Resource Committee. Investments can be placed either on instant access deposit or short-term deposit accounts earning a higher rate than the current account.

12.2.2 Any such deposits shall be reported to the Board of Trustees and recorded in the committee minutes. In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

13.0 FRAUD

13.1 RLT is committed to discharging its responsibility to safeguard public funds and the highest standards of integrity. Everyone involved with the Trust has a responsibility in respect of recognising a potential fraud and corruption or theft. The Trust also recognises the role of others in alerting them where there is a suspicion of fraud and corruption or theft. This should be read in conjunction with the Trust's Whistleblowing Policy and the Academies Financial Handbook which contains definition for fraud and theft.

13.2 RLT have put in place systems and procedures to manage and discharge its functions in an efficient and effective way. These systems incorporate internal controls to prevent and deter fraud and corruption. Employees must ensure that working practices comply with the systems.

13.2 All allegations of fraud will be reported to the Finance, Audit and Resource Committee. The CEO will be responsible for determining whether this requires immediate notification or whether it will be reported at the next Finance Committee meeting. The ESFA must be notified of any instances of fraud where the value exceeds £5000, individually, or cumulatively, or of any fraud regardless of value where this is unusual or systematic.

14.0 GIFTS AND HOSPITALITY

14.1 Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust by:

- Maintaining an unimpeachable standard of honesty and integrity in all their business relationships
- Comply with the letter and spirit of the law and contractual obligations, rejecting any business practice that might be deemed improper
- At all times in their business relationships act to maintain the interests and good reputation of the Trust

Any employee who becomes aware of a breach of policy must report this immediately to their line manager who will investigate as necessary and report to the CFO \ Finance Manager.

Employees of the Trust should take guidance from the general rules relating to the receipt of gifts and hospitality as an employee of the Trust:

14.2 Gifts

14.2.1 To accept gifts should be the exception. Small "thank you" gifts not over £25 in value may be accepted. Repeat gifts from the same donor should be treated as a single gift in any one financial year. Any gifts, in excess of a value of £25, should be notified to the CFO for inclusion in the Gift Register. Such gifts will not be kept by the individual but will be used for the benefit of the Trust or local charities.

14.2.2 Gifts should be refused if it is believed the giver has an ulterior motive such as the receipt of a prompter service or preferential treatment.

14.2.3 Except for working lunches of modest standards or small promotional items such as pens, calendars or diaries, gifts/hospitality should never be accepted from anyone who may, in the foreseeable future, be tendering for any contract with the Trust, seeking employment with the Trust or is in dispute with the Trust.

14.3.3 When declining a gift, staff should be courteous but firm and draw the attention of the person making the offer to the existence of this policy and the UK Bribery Act 2011. Exceptionally, if a gift of value in excess of £25 cannot be refused without causing offence, it must be made clear to the donor that it is being accepted for the use of the Trust and not as a personal gift. The gift must be declared to the CFO and deposited with them for safekeeping.

14.3.4 Gifts are sometimes offered by suppliers with the purchase of items. All special offer gifts are the property of the Trust and must be forwarded to the Finance Department for use by the Trust. All such gifts will be recorded in the Gifts and Hospitality register.

14.4 Hospitality

14.4.1 Staff should not accept lavish hospitality that could be interpreted as a way of exerting an improper influence over the way duties are carried out. Staff should not offer such hospitality to others on behalf of the Trust. The timing of hospitality in relation to procurement or purchasing decisions that the Trust may be taking is especially sensitive. As a rule, staff should never accept hospitality that the Trust would not reciprocate in similar circumstances. Any hospitality over and above modest working meals or light refreshments should be reported to the CFO \ Finance Manager for inclusion in the Gifts and Hospitality register.

14.4.2 Hospitality may be accepted where:

- You are representing the Trust within the community or are imparting information about the Trust to the public
- An event is clearly part of the life of the community and the Trust should be seen to be represented
- The hospitality is part of a course or conference where it is clear that the hospitality is corporate rather than personal
- Where hospitality is to be provided by the Trust this should be approved in advance in accordance with the Trust financial delegation limits. Such hospitality shall be reviewed in light of the UK Bribery Act 2010 prior to final approval

14.5 Fees and other payments received by staff

14.5.1 Staff should not undertake any external work outside of the Trust, whether paid or unpaid, during their working hours without the express permission of the CEO – refer to the **Special Leave Policy**.

14.5.2 Where staff are offered payment for work carried out externally to the Trust then either leave should be granted unpaid or the payment received by the staff member should be paid to the Trust.

14.6 Donations

14.6.1 The Board of Trustees supports the solicitation for, and acceptance of, external donations and sponsorship that promotes the objects of the Trust, provided they are accepted free of obligation to the donor and are reviewed in light of the gifts policy above.

14.6.2 All donors shall be requested, for audit purposes, to submit written details of their donation stating that there are no conditions attached and the estimated value of the donation or gift. Any donations in excess of £5000 shall be reported to the Board of Trustees.

14.7 Staff Benefits

Refer to the **Staffing, Payroll and Pensions section** for details.

15.0 RETENTION OF FINANCIAL RECORDS

15.1 As a general rule, financial records must be kept for a minimum of 7 years. An exception to this is for records relating to property assets which must be kept for the life of the asset and then for an additional 15 years.

15.2 At the end of each financial year, financial records should be labelled with the date and description and stored in a manner that allows them to be retrieved if necessary.