

Date ratified at
Directors Board meeting

12 April 2021

Review

Resources Committee

St John the Baptist



Catholic Multi Academy Trust

FINANCE POLICY

THE MAT MISSION STATEMENT

Our family of schools is united in the belief that God's love, peace, truth, and joy is for all. We are dedicated to the achievement of excellence in all we do. We cherish the uniqueness of each of our school communities and celebrate together as one Trust family. By following Jesus' example we bear witness to the greatness of God.

'To think, to feel, to do' Pope Francis

St John the Baptist Catholic MAT
Company No: 7913261
Registered Office: Surrey Street, Norwich NR1 3PB



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FINANCE POLICY

1 AIMS

1.1 The objectives of this policy are to set guidelines for the establishment of sound and effective financial probity and risk management arrangements across the St John the Baptist Catholic Multi Academy Trust (to be referred to as 'The Trust').

The focus of the policy is to establish and formally adopt good working practices for proper financial management and accounting procedures in accordance with the guidelines from the DfE as outlined in the Academies Financial Handbook.

The purpose of this financial policy is to provide control over the totality of the Trust's resources and provide Members, Trustees, Governors and management with assurances that the resources are being properly applied for the achievement of the Trust's strategic plan and business objectives on a sustainable basis, including:

- maintaining financial sustainability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the Trust complies with all relevant legislation
- safeguarding the assets of the Trust.

The Directors of The Trust will

- Ensure that The Trust's resources are used only in accordance with the law, the articles of association, the funding agreement and the Academies Financial Handbook.
- Be responsible for the proper stewardship of the Trust's fund ensuring that the principles of best value are adopted
- Establish and maintain a robust system of internal controls
- Outline the areas of responsibility within The Trust.

1.2 The Trust aims to operate in transparent, ethical and accountable ways in which to promote effective management.

1.3 This document has been adopted by the Board of Directors of the Trust (to be referred to as the Board) as the basis for the administration and management of finances.

1.4 Compliance with the financial policy is compulsory for all staff in the Trust. It is the responsibility of CEO and the Director of Finance and Operations to ensure that their staff are made aware of the existence, and content, of the Trust's financial policy.

1.5 The Trust is responsible for maintaining a continuous review of the financial policy. In reference to the Academies Financial Handbook the responsibilities of the Principal Financial Officer for all entities is delegated to the Director of Finance and Operations who advises the Trustees of any additions or changes necessary.

2 OVERALL MANAGEMENT RESPONSIBILITIES

2.1 ACCOUNTING OFFICER

The Chief Executive Officer (CEO) of the Trust is designated as the Accounting Officer.

The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources. 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.

The accounting officer must adhere to The 7 principles of public life.

The accounting officer has 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.

The accounting officer completes and signs a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer also demonstrates how the trust has secured value for money via the governance statement in the audited accounts.

The accounting officer takes personal responsibility (which must not be delegated) for assuring the board that there is compliance with the funding agreement and Academies Financial Handbook. The accounting officer advises the board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

2.2 THE BOARD OF TRUSTEES

The **Board** has ultimate responsibility for the Trust's finances. The Board has delegated the responsibility to oversee the financial affairs of the school to the MAT Resources committee. Terms of Reference of the Resources committee are reviewed regularly and form part of the Scheme of Delegation.

The Chair of Trustees shall demonstrate their oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements. They also review management accounts on a monthly basis.

2.3 RESOURCES COMMITTEE

A **Resources committee** will report upon the financial position and affairs of the Trust as appropriate to the Board.

The main responsibilities of the Resources Committee (which are further detailed in the Scheme of Delegation and its appendices) include:

- the initial review and approval of the annual budget for each Academy and the Trust as a whole
- the regular monitoring and scrutiny of the Trust's management accounts
- reviewing any Trust Procurement Policy and the Scheme of Financial Delegation
- reviewing and checking details of any contracts and purchases by the Trust
- authorising the award of contracts and purchases
- liaising as necessary with the Trust's Audit and Risk Committee (or the Trust Board if appropriate) to ensure accountability and propriety and to manage the level of financial risk within the Trust as well as review the effectiveness of the financial procedures and controls.

2.4 AUDIT AND RISK COMMITTEE

An **Audit and Risk Committee** is established in accordance with funding body and statutory requirements. The audit requirements for academies are set out in the Education and Skills Funding Agency's *Academies Financial Handbook*.

The audit and risk committee:

- directs the trust's programme of internal scrutiny
- ensures that risks are being addressed appropriately through internal scrutiny
- reports to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

The Audit and Risk Committee will be made up from members of the Board. Agreed Terms of Reference of the Audit and Risk Committee are reviewed regularly and form part of the Scheme of Delegation.

The Board will ensure that there is a process in place for independent checking of financial controls, systems and risk. This will be done through an annual internal audit report from a suitably qualified external body or a peer to peer arrangement with other academy trusts. The Board has considered the need for a specific internal audit function and has decided to appoint an external firm as internal auditors.

2.5 CHIEF FINANCIAL OFFICER

The CEO delegates the day to day management of financial issues and the operation of the Trust's financial accounts to the Director of Finance and Operations who is both the Chief Financial Officer and the Company Secretary for the Trust.

The Director of Finance and Operations is designated to carry out the duties of this role on behalf of the Trust. Day-to-day financial administration (with some tasks being delegated to the MAT Finance Manager) is controlled by the Chief Financial Officer who is responsible to the relevant Accounting Officer for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information and monitoring of expenditure against budgets and all financial operations
- preparing the Trust's annual accounts and other financial statements and accounts which the Trust or its constituent academies are required to submit to other authorities
- ensuring that the Group maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes
- preparing and submitting returns to ESFA as per the AFH.

2.6 HEADS OF ACADEMIES

The Headteachers (incl. Heads of School and Executive Heads) are responsible for financial management of the areas or activities they control. They are line managed by the CEO for consistency of approach and day-to-day operations. They are advised by the Chief Financial Officer in executing their financial duties. The Chief Financial Officer will also supervise and approve the financial systems operating within the Trust including the form in which accounts and financial records are kept. The Heads are responsible for establishing and maintaining clear lines of responsibility within their organisations for all financial matters.

Where resources are devolved to budget holders, they are accountable to their Headteacher (who may be aided by the Finance Manager) for their own budget.

Headteachers shall provide the Chief Financial Officer with such information as may be required to enable:

- compilation of the entity's financial statements
- implementation of financial planning

- implementation of audit and financial reviews, projects and value for money studies
- preparation of monthly management accounts and financial returns.

2.7 Budget holders are responsible for the budgets delegated to them. Budget decisions made by budget holders will be made in accordance with the Trust's internal rules on procurement outlined in this Policy.

2.8 The Board, governors and staff of the Trust will declare any relevant business or pecuniary interests relating to themselves or close family members. This will be recorded on a pro forma of business interests provided by the Company Secretary (a role undertaken by the Director of Finance and Operations) and maintained by the MAT Operations Manager and will be reviewed and updated regularly (at least annually). It is the responsibility of individuals to notify the Company Secretary if situations that require a disclosure arise.

2.9 Taking into account the need for effectiveness, as far as possible, the Trust will ensure that a good separation of duties occurs between members of the finance staff across the trust in order to minimise the risk of fraud or theft.

2.10 The Trust and all its staff is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which Directors, governing body members and members of staff at all levels are expected to observe.

3 ACCOUNTING ARRANGEMENTS

3.1 The Trust's financial year will run from 1 September until 31 August the following year. The financial statements for the multi-academy trust are prepared in accordance with the Academies Accounts Direction, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act legislation and the SORP. The accounting policies can be found in the Notes to the financial statements for the Trust.

3.2 The Trust will operate an integrated accounting system.

3.3 A record of Assets held by the individual academies will be recorded using appropriate asset management software or an MS Office software and updated on a regular basis.

3.4 The Board have appointed Lovewell Blake LLP as auditors of the Trust accounts for the financial years 2019/20 as part of the annual review and appointment of suitably qualified professional auditors.

3.5 The Chief Financial Officer is responsible for advising on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the Trust. Therefore the Chief Financial Officer will issue instructions to the academies on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty. The Chief Financial Officer is responsible for maintaining the Trust's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

4 BANKING ARRANGEMENTS & GENERAL CASH MANAGEMENT

The Chief Financial Officer is responsible, for liaising with the Trust's bankers in relation to all entities' bank accounts.

Only the Chief Financial Officer (or delegated authority) may open or close a bank account for dealing with each entity's funds. All bank accounts shall be in the name of the entity or one of its subsidiary companies.

The Chief Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation (reviewed by the MAT Finance Manager), and that large or unusual items are investigated as appropriate.

4.1 The schools' bank accounts will operate with the following control features:

- A full list of authorised signatories will be maintained in the academy finance offices. Authorised signatories will only be members of the school leadership / senior management teams.
- Two authorised signatories will be required for all payments made from bank accounts.
- All cheques will be crossed account payee only.
- Cheques will not be pre-signed ('blank')
- Unused cheque books and cheques will be held securely in the finance office.
- Online payments will be made using Lloyds Bank approved system (currently Commercial Banking Online - CBO). Two signatories are needed for payment approval through the online payment system. A separate mandate is maintained identifying the signatories for the CBO.
- Bank reconciliations will be performed monthly from bank statements to the Trust's accounting records. Unreconciled transactions will be reviewed by the Director of Finance and Operations on a monthly basis.
- Bank reconciliations will be reviewed and countersigned by Director of Finance and Operations.
- Funds surplus to immediate requirements will be invested in accordance with the Trust's investment policy.
- A contingency amount equivalent to at least one month salary payments will be maintained in the main Trust account which has instant access.

3.3 The Trust's and individual schools' bank accounts as well as the interest earning deposit(s) are currently held with Lloyds Bank.

5 PETTY CASH & CASH MANAGEMENT

5.1 Cash handling will be kept to a minimum and whenever possible and practical transactions will be undertaken through the on line payments system (or by cheques).

The academy petty cash limits are:

- All high schools: £500
- All primary schools: £200

Cash will be held securely in the finance office within a locked safe. Individual (single) transactions are restricted to a maximum value of £200. Any payment over this amount will be made through cheque or BACS payment. Any one-off requirement above this amount will be approved by the Headteacher or the Director of Finance and Operations.

5.2 Exceptionally, for authorised school trips abroad when the amount of petty cash for foreign currency may be requested up to the sterling equivalent of £2,000. A minimum notice period of 10 days is required

for foreign exchange petty cash for school trips. Any amount above this limit shall be approved by Headteacher or the Director of Finance and Operations.

6 PAYROLL

6.1 The Board has appointed Education Personnel Management Ltd. (EPM) as the approved operator of payroll for the Trust.

6.2 The Board is responsible for the accuracy and timeliness of tax and national insurance returns.

6.3 EPM will provide a full report detailing payroll due each month. This will be reconciled within the finance office of each academy to ensure that payments are to be made to:

- Bona fide employees
- Payments are made in accordance with individual conditions of employment
- Payments are only made for services provided to the school
- Deductions, including NI and income tax are properly administered
- Amendments to payroll are authorised by the Head teacher, Finance Manager or the FOD
- Payroll records are kept securely and confidentiality is maintained.

6.4 The designated employee for checking the payroll will not be the same person with responsibility for authorising appointments, terminations and alterations to contract.

7 PURCHASES

7.1 The Trust recognises the importance of ensuring proper and effective use of public funds for the procurement of goods and services. All purchases are to be made with consideration to the principle of best value:

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

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Management accounts will be provided to each academy on a monthly basis.

Budget holders at each academy will be able to access their budgets at any time to see the actual position via the accountancy software and also as a part of their monthly management accounts pack.

7.2 Purchases up to £4,999

Budget holders are authorised to order routine purchases up to the value of £4,999. Where possible 3 quotes should be obtained – these can be written or verbal quotations.

7.3 Purchases between £5,000 and £9,999

Orders between £5,000 and £9,999 will be authorised by the Headteacher or Deputy Head in each academy or by the Director of Finance and Operations.

Where possible and practical, the budget holders should obtain three written quotations to evidence best value unless placing an order through procurement frameworks, a preferred supplier or a sole supplier. An exception to this rule will include emergency purchases.

Telephone quotations are acceptable if these are evidenced through a faxed/emailed communication prior to purchase decision.

7.4 Purchases over £10,000 but less than £25,000

Orders between £10,000 and £24,999 must be authorised by the Director of Finance and Operations or the CEO. Budget holders are required to obtain at least three written quotations to evidence best value unless placing an order through government procurement frameworks a preferred supplier or a sole supplier.

Telephone quotations are acceptable if these are evidenced through a faxed/emailed communication prior to purchase decision.

7.5 Purchases over £25,000

Award of contract over £25,000 shall be reported to the Trust's Directors. Approval for orders over £25,000 must be obtained from the Director of Finance and Operations or the CEO.

Any purchase over £25,000 will be subject to either three written quotes, formal tendering procedures or a framework competition (except for cases where goods or services can only be delivered by a sole supplier, or other exceptional circumstance, e.g. exam fees).

Purchases over the former OJEU limit - as at February 2021 threshold is £189,330 (Supply, Services and Design Contracts) and £4,733,252 (Works Contracts), must be fully compliant with current UK public procurement rules.

7.6 Purchase orders

Where possible all schools should raise purchase orders for its purchases.

7.7 Virements

The academy Head teachers / Accounting officer can vire up to £10,000 within budgeted expenditure lines.

7.8 Corporate Charge Cards and Debit Cards

Each academy will have at least 1 charge card (more can be requested through the FOD). The monthly limit on an individual charge card will be a maximum of £1,000 (unless higher limit is authorised by the Director of Finance and Operations or the CEO) and must be reconciled and cleared by monthly payment. Notre Dame High School currently has two debit cards which are used for cash withdrawals rather than routine purchases, for which the corporate charge cards should be used.

8 INCOME

8.1 The Trust receives income from the DfE and other educational grants. The receipt of these sums are monitored by the Director of Finance and Operations and the MAT Finance Manager. Most income streams, including the centrally paid income as well as monthly general annual grant payment (GAG) will be banked in the Trust's central bank account.

Local income (often limited to wisePAY receipts and other miscellaneous income) will be managed at individual academy level. Cash and cheques must be delivered to the finance office as soon as possible and stored securely until banked. All cash must be banked promptly and intact.

8.2 Trips

Payments or contributions towards school trips will be managed by individual academies and recorded as appropriate (e.g. in the trips ledger of the accounting package, or wisePAY software).

8.3 Lettings

Lettings will be managed at individual academy level and the Local Governing Body will be responsible for approving a Lettings Policy, where needed.

Sales invoices will be raised through the accounts package at academy requests. Invoices up to £100,000 may be authorised by the head teacher or Director of Finance and Operations. Invoices over that level will require the approval of the Trust's Resources committee.

8.4 Debtors

All debtors will be recorded in the sales ledger of the accounts package. Non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease not later than after 8 weeks and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared.

- 4 weeks from date of invoice - 1st reminder / phone call
- 8 weeks from date of invoice - 2nd reminder
- 10 weeks from date of invoice - final reminder (Final Demand)

The final reminder will be sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to the Legal Services, where appropriate. Legal action will not be taken for debts under £100.

8.5 Bad Debts

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

- those up to the value of £1,000 to be approved by the head teacher or the Director of Finance and Operations
- those exceeding £1,000 and up to the delegated limits set out in the Academies Financial Handbook to be referred to the Board for approval, either directly or after consideration by the Resources committee
- Explicit and prior permission must be sought from the Secretary of State for debts over the delegated limits.

9 INVESTMENTS

9.1 In accordance with the Academies Financial Handbook the Board of Trustees may invest to further the trust's charitable aims, but must ensure that investment risk is properly managed. When considering an investment the board must:

- act within its powers to invest as described in its articles
- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- ensure investment decisions are in the trust's best interests
- review the trust's investments and investment policy regularly.

Currently the Trust invests its available cash reserves with Lloyds Bank in an interest earning fixed term deposit account. All other funds are held in current accounts to give the Trust sufficient liquidity. The amount kept in current accounts shall be no less than one month worth of payroll costs.

Level of funds invested to fixed term deposit will be reviewed annually to reflect the Trust's cashflow forecast and any significant planned capital investment projects.

9.2 All investments are recorded within the central finance office to enable current market value to be calculated (date of purchase, cost and description of investment including provider).

10 FIXED ASSETS

10.1 Each academy will be responsible for keeping an inventory of assets and equipment. All items over the value of £250.00 are recorded as inventory. Those that are portable, valuable and desirable will be identified as trust property with security marking if possible.

10.2 Items purchased over the value of the Trust capitalisation limit of £1,000 must be recorded in the asset management software or a fixed assets register held in MS Excel and security marked, if possible. The assets are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provisions for impairment.

10.3 A regular (at least annual) review of the asset register will take place and discrepancies will be advised to the Director of Finance and Operations.

10.4 Disposal of assets

Items that are no longer required by the academy will be disposed of by sale or destruction following approval by the Head Teacher / Director of Finance and Operations and in accordance with the Academies Financial handbook.

10.5 The academy will reinvest the proceeds of all asset sales back to the academy. The academy may consider disposal of assets to staff but this will not include computer associated equipment as the academy would need to ensure licences for software programmes have been legally transferred to the new owner.

10.6 Loan of assets

Items of Trust property must not be removed from academy premises without the authority of the Head Teacher or Director of Finance and Operations. All loans will be recorded in the academy Finance Office and the asset management register will be updated as appropriate.

At Notre Dame High School a record of the loan of the school Minibus will be recorded at school reception. Items relating to ICT (for example, laptops, projectors) will be approved by the IT manager following consultation with the Director of Finance and Operations. A record of the loan will be recorded within the IT Services room. The asset management register will be updated as appropriate.

The Loan of School Equipment Policy should be followed in these cases.

10.7 Any identified loss of property will be immediately reported to the Director of Finance and Operations in order that the correct procedures can be followed for notification of insurance and police.

11 GIFTS AND HOSPITALITY

The Bribery Act 2010 introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The Trust's Anti-corruption, fraud and bribery policy can be found on the MAT's webpages.

The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the entity would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the CEO or the Company Secretary. For the protection of those involved, the Company Secretary will maintain a register of gifts and hospitality received where the value is in excess of £100 (materiality level). Members of staff in receipt of such gifts or hospitality are obliged to notify the Company Secretary promptly. All staff should equally notify the Company Secretary of any gifts and hospitality over the materiality level they have been offered and have declined.