



Finance Policy

Who is Responsible	Finance & General Purposes Committee
Statutory Policy	Yes
Review Timescale	Annual
Last Review	n/a
Approval date	26/06/2017
Next Review	June 2018

This Trust is committed to safeguarding and promoting the welfare of children and young people and expects all staff and volunteers within the Trust and its Academies to share this commitment.

FINANCE POLICY FOR Vector Learning Trust

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Please note this policy should be read in conjunction with the Pay Policy, Charging Policy, Investment and Reserve Policy and Lettings Policy

This finance policy has been produced in order for the Trust's financial controls to be aligned with statutory and regulatory guidance for Academies issued the by the Education and Skills Funding Agency (ESFA) through the Academies Financial handbook, Charity Law and the Funding Agreement of the Trust

SECTION 1- ORGANISATION

Trustees of the Vector Learning Trust (the Trust)

The Trustees of the Vector Learning Trust (VLT) are responsible for ensuring the Trust's funds are used in accordance with the Law, the Trustee's powers under the Funding Arrangements and Agreement and the Academies Financial Handbook.

The Board of Trustees appoints the Accounting Officer who will normally be the Chief Executive Officer.

All Trustees serving on the VLT board are aware of the statutory duties of company directors as set out in the Companies Act.

A register of the declared interests i.e. business and pecuniary, of each Trustee within the Trust and each Governor within each Local Governance Committee and any member of staff with significant financial responsibility within the Trust, is held by the Clerk to the Board of Trustees.

It is the responsibility of each Trustee, Governor and member of Staff to declare any interests they have which require inclusion in the register and at the start of any meeting. Any Trustee, Governor or member of Staff who has an interest in a business tendering for a contract will not form part of the decision making process for that contract.

No trustee, governor or member of staff involved in awarding, managing and supervising a contract will accept gifts or hospitality from current or potential suppliers.

Trust Finance and General Purposes Committee

The terms of reference for the Finance and General Purposes committee are set out in the document entitled "Terms of Reference Trust Finance and General Purposes Committee". The committee will comprise the CEO/EP and at least 2 trustees from the Trust Board and have no more than 10 members. They will meet at least once a term and its role is to:-

- Review and approve the budget strategy for the coming year making recommendation to the Trust Board
- Monitor the Trust's performance against budget and alert the board to any significant variances
- Keep the bank mandate and banking provision under review
- Review and recommend treasury management policy to the board
- Maintain the stability of the Trust's financial position by monitoring cash flow and ensuring the effectiveness of financial controls
- Developing the Trust's strategies for procurement and value for money
- Developing and recommending to the Board, the Trust's strategy for the management of assets (including cash)
- Overseeing the Trust's annual investments programme.

Chief Executive Officer/Executive Principal (CEO/EP) and Accounting Officer

Is responsible to the Trust Board for the financial management of the Trust

Academy Headteacher

Each individual Academy Headteacher is responsible:-

- For the management of his individual Academy financial position at a strategic and operational level
- For the management of effective systems or internal control within his/her academy

Trust Chief Operations Officer (COO)

The COO for the Trust is responsible:-

- for providing information and advice on all financial related issues to the Trust board and to the academies within the Trust
- for liaising with trustees, staff, ESFA, academies within the Trust, other bodies and organisations as and when necessary in all areas concerning financial management
- for attending meetings of the Finance and General purposes committee and providing financial information to them for monitoring income and expenditure on a regular basis throughout the year.
- For the supervision of the finance officers in each academy
- For agreeing budgets with each academy Headteacher prior to submission to the Finance and General Purposes committee
- For ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks
- For ensuring compliance with the Academies Financial Handbook, ESFA regulations and statutory requirements
- For ensuring that the staff's payroll is implemented within statutory regulations
- For ensuring that all financial transactions are in accordance with statutory regulations
- For reviewing and developing, as necessary, the Trust's finance policy
- For overseeing the Trust's payroll. Pensions administration and VAT returns
- Ensuring that all financial reporting is completed according to the agreed reporting schedule
- Co-ordinating the deployment of finance staff across the Trust
- Being the point of contact with the Trust's appointed external auditor
- Providing central support to finance staff across the trust

Local Governance Committee (LGC)

Each academies governance committee is responsible for:-

- Monitoring the academies income and expenditure throughout the year, with reference to the budget agreed
- Holding the academy Headteacher to account for how financial resources are expended at the academy

Academy Finance Officers(FO) /Business Managers

The Academy Finance Officer/Business Manager is responsible for:-

- Monitoring the individual academies financial position through the year
- Providing the Headteacher and COO with regular financial updates and alerting them to any concerns
- Setting the academy's budget alongside the COO and Headteacher
- Managing the local finance office (where applicable)
- Overseeing compliance to the Trust finance policy at their academy
- For assisting with the operation and maintenance of SIMs, PSFinancials and HCSS Budgeting software
- For ensuring compliance to the Academies Financial Handbook

- For investigating, recommending and implementing changes to systems and procedures to improve financial performance and satisfy value for money criteria
- For assisting with the operation and maintenance of the Academy's payroll
- For maintaining the petty cash account
- For providing financial management information to the Headteacher in order to assist them to monitor the academy's performance and improve decision making process
- Assist with Responsible Officer visits as required

Academy Finance Assistants

Finance assistants in each academy are responsible for:-

- Processing all official order requests
- Processing all invoices
- Administration of petty cash
- Processing requests for payments and raising cheques for authorisation
- Providing advice and support to budget holders on best value for money and producing financial management information
- Processing all receipt of monies and for paying in at the bank on a regular basis
- Maintain the school inventory

2 – Financial Planning and Monitoring

School Finance Meetings

Each Headteacher will meet with the COO at least quarterly to review the academy's budget and monitor expenditure. The Academy Finance Officer may also be present or the Headteacher may delegate to the FO.

The F&GP committee will sit at least 3 times a year to review the Trust's consolidated financial position and individual academy financial performance as and when required.

Budget

Each Academy's Headteacher and FO is responsible for the preparation of the annual budget in conjunction with the COO. The COO will issue a detailed budget planning and approval route each year but in principal this is as follows:-

- COO, Headteacher and FO agree draft budget based on 2nd quarter management accounts
- COO and CEO will agree a draft budget for Trust shared services
- A draft of each school budget and the Trust shared services budget will be reviewed and first approval by the Finance and Resources Committee
- Each Academy's LGC will scrutinise the budget making any recommendations
- Any amendments will be reviewed by the F&GP committee prior to final approval by the committee
- Budgets are then submitted to the ESFA by the required deadline by the COO.

Monitoring at Academy Level

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with budget holders. The finance office will issues a monthly report to each budget holder detailing committed and actual expenditure.

Audit

The Trust will produce full audited company accounts as at the 31st August each year and will appoint a statutory auditor, which is registered under the requirements of the Companies

Act, to conduct an audit in line with Company Accounts requirements, SORP for charities and certify the accounts are “true and fair”.

Final accounts will be published in accordance with the current regulations and ESFA guidelines.

Interim audit reviews of financial and procedural matters are carried out by an internal auditor, according to the schedule agreed each year by the Trust’s F&GP committee.

Virements

Virements are subject to the following authorisation:-

- Up to £1000 can be vired without the prior approval of the F&GP to allow flexibility within the everyday running of each Academy.
- Up to £10,000 can be vired to the COO if no impact on the overall budget
- Up to £50,000 can be vired to the COO and the CEO/EP and reported to the F&GP Committee
- Over £50,000 – the F&GP committee reporting to the Trust Board

All virements will be recorded on a virements form by the Finance Officer and or the COO and will be notified to the Chair of the F&GP committee in advance of virements over £10,000 by email and then reported to the F&GP committee at the next available opportunity.

Reporting

The following reports will be produced by the Academy based Finance Officer to the LGC:

- Quarterly management accounts with forecasted year end outturn
- Monthly interim PSFinancials extract reports showing actual spend against budget

The following reports will be produced by the COO to the F&GP committee:

- Quarterly management accounts with forecasted year end outturn for each academy and the Trust
- Annual budget reports

SECTION 3 – FINANCIAL ADMINISTRATION

Accounting Systems

VLT academies use PS Financials (PSF)

Access to the PSF is restricted to the CC and Finance Teams within the Academies. Reduced (restricted) access may be granted to budget holders in order to process on line orders.

Accounting Records

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled by an authorised person. The use of correcting fluid or the erasure of information is not permissible.

All accounting records including invoices, order forms, bank statements, etc. are retained in hard copy for 6 years, plus the current year, in a secure area.

SECTION 4 – PURCHASING

General

The Trust will ensure that spending decisions represent value for money and are justified as such. An important value for money consideration is also the cost of the internal effort involved in managing the purchasing process. Significant service contracts will demand a major effort in terms of preparing specifications, drafting contracts and evaluating tenders. Therefore, in the interests of managing the Trust's own effort and costs, it is good practice to use multi-year contracts wherever the service requirement is enduring. There are also potential advantages whereby the supplier would be prepared to invest in order to make the service provision more efficient, if guaranteed a long-term contract. It is not possible to provide universal guidance on what would constitute an optimum period of contract. For example, market conditions can change and, during the latter period of the contract, the Trust may feel that it is paying more than necessary or conversely the supplier may feel it is no longer able to cover his costs. Neither situation is comfortable; hence, where the market is more subject to change, the period should be shorter than for more stable situations. The precise period should be agreed with the COO as early as possible. A practical default position for large, high value contracts such as cleaning, catering and grounds maintenance is to aim for a 3 year contract with priced options to extend to 5.

A large proportion of the Trust's purchases are paid for with public funds and they will maintain the integrity of these funds by following the general principles of:

- Probity – it is demonstrable 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.

Routine Purchasing

Budget holders will be informed of the budget available to them at the beginning 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. A monthly print detailing actual expenditure against budget will be supplied to each budget holder. Budget holders are encouraged to check their budgets on a regular basis to ensure that spending is kept within the budget limits.

Purchasing Authority

No expenditure should be incurred or commitment entered into without formal delegated authority. A list of delegated authorities will be issued annually, once agreed by the F&GP committee.

Purchase orders must always be signed by the budget holder and countersigned at the appropriate level, according to the following purchasing authority levels (to be reviewed annually):

Up to £1000	Budget Holder
Up to £6000	Business Manager / Finance Officer
Up to £10,000	Headteacher or COO
£10,000 to £25,000	Headteacher and COO and CEO
£26,000 to £150,000	COO and CEO and F&GP Committee
Over £150,000	Trust F&GP Committee and Trustees

No service/provision of goods contract of duration of more than 12 months can be entered into without authorisation in writing from the COO, no matter what the value of the contract.

Where the contract is for an enduring service valued above £30K per year, the COOs authorisation is necessary if it is not planned to use a multi-year contract.

All purchase orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required and a best guessed estimate must be given. Purchase orders must be submitted with all quotations received, subject to the requirements outlined in the section on procurement requirements.

Once properly authorised, all purchase orders must be submitted to the relevant Finance Assistant, who will issue an official order.

The official order number must always be quoted.

All goods received should be checked against the order form and any missing or fault goods should be reported to the supplier, who should either re-supply the goods or issue a credit note or refund.

Staff are not permitted to obtain goods/services for private use.

Petty Cash

The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

The maximum authorised amount for expenditure on petty cash is £25 and a petty cash float of £500 is held in each Academy.

Any amount exceeding this limit will be reimbursed through the expense claim process, and paid via BACs.

A valid VAT receipt should be attached to the claim form, which must be signed by the budget holder.

Procurement requirements

Value of procurement requirements:

- Up to £5K – demonstrate value for money as appropriate to the situation
- £5K - £25K – Minimum 2 quotes,
- £25K - £60K – 3 quotes or use of framework agreement, lowest acceptable offer
- £60K – EU limits – formal tendering procedure including advertising if over EU limits/use of framework agreement.

The above limits apply to the estimated aggregated total value of any contract whether the work falls in one financial year or is an enduring multi-year contract.

Should the selection of the Lowest Acceptable Offer prove to be difficult or in any way contentious the matter will be referred to the COO

Where a single supplier is successful at winning a number of different procurement contracts leading to a total in-year value exceeding £60K the COO should be made aware and consideration given to bringing additional scrutiny to any future procurement activity involving the same supplier.

Where formal tendering procedure is used (above £60K) all tenders must be opened at the same time, in the presence of the COO.

A list of all suppliers of goods and services with invoices totalling in excess of £10,000 (in any one financial year) shall be reported annually to the F&GP committee.

Leases

No lease/purchase agreements will be entered into without the prior approval of the COO who will report all such agreements to the F&GP committee.

Payment of Invoices

All invoices should be passed to the relevant finance office on receipt. The finance assistant will check the accuracy of each invoice and ensure that it meets current statutory requirements before passing to the budget holder to authorise.

Invoices must only be paid if accompanied by a purchase order approved at the appropriate level.

All cheques/ BACs payments must have a minimum of two authorisations.

Use of the Business Credit Card is restricted to Finance Staff only or other staff with prior authorisation from the COO. Purchases made must be in conjunction with an appropriately authorised purchase order. The Finance Manager and COO will check and sign monthly statements.

Invoices will be paid within 30 days, unless the terms of credit state otherwise. The finance staff will take advantage of any discounts available for early settlement where this is to the school's advantage.

All invoices are retained by the Finance Office for 6 years, plus the current year.

Payment of Invoices from the Self-Employed

a. When appointing consultants, advisors, trainers, instructors or other individuals who supply services to the Trust, the employment status of the person must be determined before commissioning the work.

b. If the person works for a company, and can provide a company invoice on headed paper then terms of engagement should be agreed in writing. Payment will be made to the company.

c. If the person states that he/she is self-employed – an Employment Status Indicator (ESI) reference must be obtained from HMRC guidance on-line questionnaire, at <http://esi2calculator.hmrc.gov.uk>

If the status is confirmed as self-employed, terms of engagement should be agreed in writing and invoices must be presented with the following minimum details:

- Date of invoice
- Name and address
- Description of goods or services provided
- Agreed price
- Declaration stating that “I am registered as self-employed and submit a schedule D tax return”
- Tax reference number and tax district

Supplier record amendments

Additions and amendments to supplier records in PSF must be strictly controlled. A ‘new supplier / supplier amendment’ form must be completed and authorised by the Finance Manager and counter-signed by the COO before any amendments are made in PSF. For new suppliers the form must be accompanied by the supplier's letterhead and first estimate/quotation/proposal. Bank details for all suppliers can only be supplied on company letterhead signed by the company secretary or other officer of the company. All new

supplier/supplier amendment forms must be filed ready for audit accompanied by all necessary paperwork

SECTION 5 – ASSETS

Asset Register

Maintenance of the equipment register is overseen by the COO. It is the policy of the Trust to enter individual acquisitions with a cost greater than £2000 onto the asset register, although items of a lower value may be included. The relevant departmental head is responsible for ensuring that all equipment is marked as belonging to the academy.

The COO will oversee an annual audit of the asset register which will be presented to the F&GP.

All disposals of equipment and other assets must be authorised by the COO and the Headteacher.

All losses are reported to the COO. The COO ensures that the police have been informed, if the loss is as a result of burglary or theft, the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

Insurance

It is the responsibility of the COO to ensure that the adequacy of insurance is reviewed annually and reported to the F&GP Committee.

Details of all insurance policies held by the Trust are kept in the Trust and/or Academy Finance Office under the control of the COO and Finance Officer.

The Trust and/or Academy immediately informs its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy must be authorised by the COO before submission to the insurance company.

An annual return of all insurance claims is submitted to the F&GP Committee, at the end of each financial year.

SECTION 6 – CHARGES AND REMISSIONS

No charges shall be levied on parents/carers whose children are eligible for free school meals where activities take place during school hours.

Full details of the Trust's charges and remissions policy are to be found in the Charging and Remissions policy.

School Lettings

Full details of the Trust's lettings policy can be found in the Lettings Policy

Music Tuition Fees

Charges for extra music tuition will be made to students for individual or small groups, except where it is provided to fulfil specified examination syllabus requirements or statutory duties relating to the national curriculum.

Parents/carers will be given an application form, together with details of the current terms and conditions. The application form should be completed and returned to the Finance Officer with the appropriate payment by the half-term prior to the term commencing the lessons.

No charge is made for those families whose children are eligible for free school meals. Music fee rates are subject to annual review by the Head of Music, in liaison with the Finance Team, based on the cost of providing the tuition

Sale of Goods

Educational equipment or materials, incidental to the provision of education **must be sold at or below their cost price.**

An exception is sports clothing, which should be sold, inclusive of VAT. When necessary, staff should seek advice from the COO.

All Money will be collected and receipted at source by a member of the Finance Team. Those students who are receiving music tuition can purchase their musical instrument through the school at cost price.

Bad Debts

Bad debts are only written off when the Trust and/or Academy has followed all possible procedures to ensure their recovery.

Debts below £100 may be written off with the authorisation of the COO.

All debts in excess of £100 must be referred to the Accounting Officer before they are written off and reported to the F&GP Committee.

The prevailing Academies Financial Handbook will specify the level at which bad debt write offs must be authorised by the ESFA.

Financial Support to Students

Any request for financial support for optional extra activities from a student must be made in writing from the parents/carers and addressed to the Headteacher, using the Bursary Application Form available in the Policy section of the website.

Academy Fund

It is the responsibility of the trip organiser to ensure that sufficient funding is available to cover the cost of all trips and the administration associated with it.

It is expected that all payments to the Trust will be made through the e-payments system via the Academy website. Collection of any cash/ cheques is to be collected by the Finance Team only.

All fund raising by students, for charitable purposes, should be paid directly to the Finance Team for banking, in readiness for payments to be made by cheque to the named charity.

All requests for payment should be accompanied by invoices, or request for payments form signed by the relevant budget holder.

All surpluses are to be used at the discretion of the Headteacher and notified to the F&GP Committee in retrospect.

The accounts are audited by an independent Auditor.

SECTION 7 – BANKING AND CASH HANDLING

Bank Facilities

The Trust's bank mandate is subject to annual review by the F&GP committee

Authorised cheque signatures

All cheques will be signed by two authorised members of staff and each cheque drawn on public funds must be signed by at least one "a" signatory.

The bank has been informed that the Trust and/or Academy is not allowed to borrow funds and that no account is allowed to become overdrawn. Any surplus funds are transferred to an Interest deposit accounts in order to maximise interest earning potential. COO makes decision of amount to be transferred and length of time, based on cash flow predictions The Chair of the F&GP will be made aware of any deposits made via e-mail.

All chequebooks are held in the safe and pre-printed cheques are held in a locked cupboard. On receipt of new cheques their numbers are recorded.

Bank Reconciliation

Reconciliations are performed by the Finance Officer within five working days of receipt of a bank statement. The COO certifies the reconciliation.

Cash Handling

A receipt is issued in respect of all monies received by the finance staff. Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques.

All monies received are banked by the finance staff. Where unusually high levels of cash are received these will be banked on the day of receipt.

Cashbooks

Cashbooks are kept in a computerised format for both public and non-public funds.

SECTION 8 – PAYROLL

General

All overtime worked must have prior authorisation by a member of the leadership team. Overtime claims completed at the end of each month are paid with the following month's salary.

All payroll files are kept in the Finance Office. Access is restricted to the governors on the LGC, Headteacher and finance staff and payroll records are kept in a fireproof cabinet in the Finance Office.

The Trust is registered under the Data Protection Act. Net payments to staff are made by direct debit using the Banks Automated Clearing System (BACS).

All other payments to external agencies are made by direct debit. It is the responsibility of the COO to ensure that payments are made by the required statutory dates so that no unnecessary fines are incurred.

Authorised Nominees

The Trust's F&GP committee has authorised the following personnel as nominees to authorise supply teachers claims, overtime, casual employment and expenses claims:

- Headteacher
- Deputy Headteacher
- CEO or COO

Monthly Procedures

The following procedures take place on a monthly basis and are performed by the Finance Officer:

- Standard forms are passed to payroll provider in respect of starters, leavers, amendments to contracts etc. These must be authorised by the Headteacher or COO

- Supply claims, overtime claims and casual employment claims are summarised by the Finance Officer before being passed to the payroll provider. All claims must be authorised by the Headteacher or COO

New Appointments

All new positions require written confirmation. For positions within the approved budget these must be signed by the Headteacher or COO with the exception of SLT/management positions which also require the CEO's authority.

All new positions outside of the approved budget must be authorised by the CEO and reported to the F&GP Committee.

Contract amendments

Contract amendments can be authorised by the Headteacher or Finance Officer or COO as long as the amendment is within the agreed budget.