



Finance Policy and Procedures

Approved by:	Finance Committee	Date: 29 th June 2022
Last reviewed:	16 th June 2021	
Next review due by:	29 th June 2023	

Purpose

The purpose of this policy and procedures is to ensure that The Rainbow Multi Academy Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Academy Trust's Funding Agreement with the Secretary of State for Education.

The Trust must comply with the principles of financial control outlined in the academies guidance published by the Department for Education (DfE). This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems and accountability.

This policy applies to the financial administration across the whole Trust including catering, extended schools provision (childcare) and Early Years.

The policy also covers other finance related policies such as depreciation, school, companies, reserves and investments.

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1. Organisation

The Trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors and staff.

Board of Directors

The Directors will manage their affairs in accordance with the high standards detailed in "Guidance on Codes of Practice for Board Members of Public Bodies" and in line with the seven principles of public life:

Selflessness: Holders of public office should take decisions solely in terms of the public interest.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

Accountability: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness: Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

1.1 Managing the Trust's Finances

The Board of Directors has overall responsibility for administration of the Trust's finances. The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the Trust and the Secretary of State for Education. The main responsibilities include:

- Agree the long term financial objectives for the Trust
- Ensure the grant from the EFA is used for the purposes intended
- Approval of the annual budget and any material changes
- Approval of changes to the personnel establishment
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained

- Ensure the budget monitoring statements are a true and accurate record on income and expenditure
- Approval of the annual accounts

1.2 Finance Committee

The main responsibilities of the Finance Committee include:

- Initial review and authorisation of the annual budget and any material changes
- Regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charity SORP and the DfE guidance issued to academies
- Recommendation of changes to the personnel establishment
- Appointment of auditors
- Appointment of Audit Committee.
- Reviewing the reports of the Audit Committee on the effectiveness of the financial procedures and controls. These reports must be reported to the Board of Directors.

1.3 The Head teachers

The Head teachers have overall executive responsibility for their individual school. The Heads retain responsibilities for:

- Approving new staff appointments within the Trust Scheme of Delegation
- Authorising orders and contracts within the approval limits shown in Appendix 1
- Following the scheme of Delegation
- Authorising payments within the approval limits shown in Appendix 1 Financial Scheme of Delegation
- Monitoring regular budget reports with the Chief Financial Officer and acting on any overspends or risks

Mrs Samantha Jones is the Trusts' Accounting Officer and Executive Principal who is personally responsible to the Board of Directors for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the Trust

The Accounting Officer has the duty to take action if the Board of Directors or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the Board of Directors, details sent to the Permanent Secretary and the Trust's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

1.4 Chief Financial Officer

The Chief Financial Officer works in close collaboration with the Executive Principal through whom he or she is responsible to the Board of Directors. The Chief Financial Officer also has direct access to the Finance Committee. The main responsibilities of the Chief Financial Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the Trust's financial position at a strategic and operational level the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust the preparation of monthly management accounts
- authorising Central orders and the award of contracts within the approval limits shown in Appendix 1 Scheme of Delegation
- authorising Central payments within the approval limits shown in Appendix 1 Scheme of Delegation
- ensuring forms and returns are sent to the DfE/EFA in line with their reporting deadlines - see Appendix 2 Financial Reporting Timetable
- submitting grant applications and reports to all relevant bodies as detailed in the timetable laid out in Appendix 2 Financial Reporting Timetable
- Approval of budgetary changes within the schools in line with Appendix 2
- Review of academies utility providers annually or as contract terms timescale permits.

1.5 The Audit Committee

The Audit Committee responsibilities are currently incorporated within the Finance & Resources Committee. This provides Directors with an independent oversight of the Rainbow Academy Trust's financial affairs. The main duties being to provide the Directors with independent assurance that:

- the financial responsibilities of the Directors are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

A programme of checks will be agreed with the Board of Directors and an independent audit body appointed by the finance committee with the approval of the trust board will carry out periodic financial reviews in order to provide the Board of Directors and indirectly the Department for Education with the required assurance.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed
- Report expenditure and income to the Finance Committee

- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Review all major contracts and ensure formal tender procedures exist and are being followed. A report of the findings will be provided to the Finance Committee.

The scope of the review will be directly related to the audit management report findings.

1.6 Other Staff

Other members of staff, primarily the Finance and Admin Staff at the school offices across the Trust and budget holders such as Head Teachers/Subject leaders, will have some financial responsibilities and these are detailed in Appendix 1 Financial Scheme of Delegation.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

1.7 Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Directors, Local Governing Bodies and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as Directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where that person could exert influence over a Trustee or a member of staff.

The existence of a register of business interests does not, of course, detract from the duties of Local Governing Body members, Directors and staff to declare interests whenever they are relevant to matters being discussed by the Local Governing Bodies, Board of Directors or a committee. Where an interest has been declared, Directors, Local Governing Body members and staff should not attend that part of any committee or other meeting.

2. Financial Planning

The improvement plan of each Academy and The Rainbow Multi Academy Trust provides the framework for the annual budget for each Academy and Central services. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year and the following two years.

The budgetary process is described in more detail below.

2.1 Budget Plan

The Chief Financial Officer is responsible for working with the Heads and others to prepare a budget plan for consideration by the Finance Committee. The Finance Committee and Board of Directors must approve the budget prior to being submitted to the DfE by the deadlines detailed in Appendix 2.

The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. There will be a clear link between the Trust Improvement/Strategic Plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of DfE grant receivable
- review of other income sources available to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings review of the main expenditure headings in light of the Trust Improvement Plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes

2.2 Balancing the Budget

For each Academy the 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 if necessary 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, subject to restrictions on carry-forwards imposed by the EFA.

2.3 Finalising the Budget

Once the different options and scenarios have been considered, the draft budgets should be submitted to the LGB and Finance Committee and Board of Directors for approval.

The budget should be seen as a working document which may need revising throughout the year as circumstances change.

2.4 Budget Management, Monitoring and Review

For each school budget monthly reports will be prepared and made available by the Chief Financial Officer. The reports will detail actual income and expenditure against budget.

The Heads may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Trust as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Heads who are responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed. Any potential overspend against the budget must in the first instance be discussed with the Chief Financial Officer.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

The Finance Committee will continually monitor the quality of the financial information presented to ensure that what is provided remains appropriate, particularly in terms of a forecasted budget overspend, it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the appropriate person detailed in Appendix 1 Scheme of Delegation.

3. Accounting system

All the financial transactions of the Trust must be recorded on the PS Financials accounting system (PSF). The PSF system is operated by the schools' Finance team and includes the following key elements:

- Income
- Purchasing
- Payroll
- Assets
- Bank Accounts

Detailed information on the operation of the PSF system can be found in the user manuals held in the Schools' Office.

3.1 Administration

There will be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records will be stored for 7 years in accordance with the Companies Act. Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.

Authorisation and supervisory controls will ensure transactions are properly recorded or that errors are identified. All records will be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.

3.2 Access Rights

The Chief Financial Officer is responsible for setting access levels for all members of staff using the system. Access rights within PSF are defined for each user with a unique ID and password.

3.3 Back-up Procedures

The finance system will be protected by robust back up procedures; the system will be automatically backed up daily to offsite external hard drives. Back-up procedures are the responsibility of the Trust's IT support contractor, currently ICT4.

3.4 Transaction Processing

All journal transfers that will alter the budget require signed authorisation by The Heads and the Chief Financial Officer. Bank Transactions will be input by the Finance staff.

The Finance staff will ensure that reconciliations are performed each month for sales ledger control account, purchase ledger control account, payroll control account, debtor control account, all suspense accounts, and bank balance per the nominal ledger to the bank statement and that any reconciling or balancing amounts are cleared. Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer.

The Heads will review and sign all reconciliations as evidence of review.

4. Payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

4.1 Payroll Administration

Payroll is currently outsourced to NEO People Management.

All Payroll transactions relating to Trust staff permanent or casual will be processed through the payroll system. Payments for employment will not be made to staff through any other mechanism.

All personnel files are stored in a lockable cabinet at each of the schools in the Trust. Only the Chief Financial Officer, Executive Principal, Head Teachers and School Secretaries have access to staff files but individuals can request to see their own files in line with data protection policies.

The School Secretaries and nominated admin staff are responsible for keeping the staff personnel database up-to-date via SIMS.

4.2 Payments and Monitoring of the Payroll

Payroll will be checked and authorised by the Chief Financial Officer.

All salary payments are made by BACS. There may be a need to pay a new member of staff by cheque although every effort will be made to pay them by BACS.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and the payroll agency, Cornwall Council Payroll Services, are authorised to make monthly BACS payments

from The Rainbow Multi Academy Trust's bank accounts to the employees and pension agencies (TPA and LGPS).

The Chief Financial Officer will randomly check for one employee the calculation of gross and net pay each month to ensure that the budget is being charged correctly. After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres.

The Chief Financial Officer will review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

5 Purchasing and Payments

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

- Probity, it must be 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

The Chief Financial Officer will ensure that there is a clear separation of duties within the finance team, such that one individual is not able to record a complete transaction.

5.1 Orders for Goods and services

Official orders must be raised for any expenditure over £1,000 using the Trust financial accounting system on receipt of a requisition form or an email instruction signed by a relevant budget holder. Where the value of an order is over £5,000 and less than £20,000 the Value for Money procedures detailed below must be followed and documentation attached. Orders will be raised only if the VFM documentation is present and correct.

Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the Chief Financial Officer. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

5.2 Value for Money Procedures & Authorisation Limits

Please see Appendix 1 Table of Delegation and Appendix 2 Table of Authorisation Limits to ensure the correct approval has been obtained.

5.3 Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers e.g., general press, trade journals, or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust'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
- additional deliveries by the existing supplier are justified

Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender and
- form of response

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers. Other Considerations
- Pre sales demonstrations
- After sales service

Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening and recording of tenders as follows: Chief Financial Officer and Heads.

A record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tender Evaluation Procedures

The evaluation process should involve representatives from the LGB, usually the budget holder and the Chief Financial Officer. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and a verbal report should be made to the Finance Committee highlighting the relevant issues and advising the decision.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous unless it can be demonstrated that is not the best option for the Trust. All parties should then be informed of the decision.

5.4 Payments

Invoices will be paid when the budget holder has shown approval that goods or services have been received and are of the quality expected. Any discrepancies must be notified to the Academy's Finance staff for appropriate action to be taken.

No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable.

At least two different people must be involved in the process of agreeing invoices and authorising payment.

Wherever possible payments will be made by BACS, but cheques will be issued if this is not an option.

The Finance Staff will ensure that cheques are sent out with the required numbers of signatures and that all controlled stationery is recorded and stored in a locked drawer or cupboard.

All cheques and cash are to be stored in the safe and the keys held within a locked cabinet.

5.5 Payments to Individuals

Payments can be made to individuals on production of an invoice. VAT cannot be claimed on these transactions.

5.6 New Suppliers

A single member of the finance and admin team should enter any new suppliers on to the accounting system (PSF). To ensure uniformity the same prefix formulation should be used. New supplier details should be communicated to the CFO before the new code is added to PSF to ensure the correct prefix is being used.

5.7 Fraud Prevention

Payments via BACS to new suppliers or where there has been a change to a current suppliers bank details should be subject to an initial BACS payment of £5 issued via the usual PSF and bank process and authorisation procedure unless the details can be verified by the bank in advance of the payment.

Upon confirmation of the receipt of this payment from the new supplier then the remainder of the amount due can be issued.

Income

The main sources of income for the Trust are the grants from the EFA and other outside agencies and funding from the Local Authority. The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to the Trust are collected.

The Trust also obtains income from:

- pupils, mainly for trips and school meals
- the public, mainly for lettings
- parents e.g., extended provision, uniform sales etc.

6.1 Lettings

The policy for lettings and charging of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance Committee.

School Admin staff are responsible for maintaining records of bookings for facilities and liaising with the Chief Financial Officer on the charges to be made and requirements of the letting. The admin staff at each school are responsible for informing the Chief Financial Officer of the letting so that entry can be made on the sales ledger on the Trust accounting system and an invoice can be raised. Wherever possible, payments will be collected in advance.

6.2 Debtors

The Heads may write off debts under £100.

Debts over £100 may be written off only with the approval of the Finance Committee.

Debts above the level detailed in the annual funding letter must be submitted to DfE for approval to be written off.

The Schools' finance staff will be responsible for chasing outstanding debts.

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a first reminder will be sent requesting payment.
- If payment is not forthcoming after a further 30 days, a second reminder will be sent with a threat of further action (unspecified) to recover the debt if payment is not received within 7 days.
- If payment is still not forthcoming, a third reminder will be sent with a threat of legal action through the small claims court if payment is not received within 7 days.
- If payment is still not forthcoming the matter is reported to Finance Committee to seek approval for proceeding with legal action through the small claims court.
- The current aged debtors report together with details of any debts outstanding and requests for debts to be written off will be provided for each Finance Committee meeting.

6.3 Custody

Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the school safe prior to banking. Banking will take place every week or more frequently if the sums collected exceed the £5,000 insurance limit on the school safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Staff are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking.

7 Cash Management

7.1 Bank Accounts

The opening of all accounts must be authorised by the Board of Directors who must set out the arrangements covering the operation of accounts in the Scheme of Delegation (Appendix 1)

7.2 Deposits

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

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor miscellaneous income should be receipted and the receipt number used on the paying in slip to identify the actual transaction

7.3 Credit cards

The credit card should be held securely when not in use, either by the cardholder or within the academy in a locked safe. The loss of the card must be reported immediately to the bank. The card must not be used for personal purchases and the use of the card should be operated in conjunction with the principles of Value for Money (VFM)

With regard to online purchasing the card details should not be left on the account but must be entered for each transaction by an authorised user (approved member of staff)

A record of the expenditure should be kept together with the receipt or invoice obtained, these must be valid VAT documents when relevant to enable the VAT to be claimed by the school for the purchase The credit card statement should be reconciled to the bank account on a timely basis once received into the school office

Any variances should be reported to the CFO without delay for further investigation

7.4 Petty Cash PETTY CASH WILL BE PHASED OUT EARLY THIS YEAR

A petty cash amount of no more than £100 will be held. This must be held securely at the school and only staff authorised by the head teacher will have access to it.

Payments made from the petty cash account will be limited to minor items of expenditure. These must be supported by receipts or invoices identifying any VAT paid.

Proper records must be kept of all reimbursements paid into and expenditure paid out of the petty cash account.

Petty cash accounts will be reconciled to the bank account on a monthly basis and reconciliations authorised by the head teacher or authorised person

Any variances should be notified to the CFO as soon as possible for further investigation

7.5 Payments and withdrawals

All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures in line with the scheme of delegation.

7.6 Bank Reconciliations

The Finance Staff will ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure that:

- all bank accounts are reconciled to the Trust's computerised ledger
- reconciliations are prepared by the Finance Staff
- reconciliations are subject to an independent monthly review carried out by the Chief Financial Officer
- adjustments arising are dealt with promptly

7.7 Cash Flow Forecasts

The Chief Financial Officer will prepare cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds and if a shortfall is forecast the Chief Financial Officer must be informed to ensure remedial action is taken.

7.8 Investments

Investments must be made only in accordance with procedures approved by the Board of Directors and in accordance with the Financial Handbook.

There is a separate Investment policy approved 18th July 2018

8 Fixed assets

8.1 Asset register

All items purchased with a value over £1000 (the Trust's capitalisation limit) must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from EFA grant and % funded from other sources) expected useful economic life
- depreciation
- current book value
- location

- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the Trust's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters

8.2 Security of assets

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

All the items in the register should be permanently and visibly marked as the Trust's property and there will be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register will be investigated promptly and, where significant, reported to the Finance Committee. Inventories of Trust property will be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this will be noted.

8.3 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Heads and, where significant, should be sold following competitive tender. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested then the Trust must repay to the DfE a proportion of the sale proceeds.

8.4 Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the appropriate Team Leader/Line Manager. A record of the loan must be recorded in a loan book maintained in the school office and booked back in school when it is returned.

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

9 Depreciation Policy

The Rainbow Multi Academy Trust will depreciate fixed assets in line with recognised accounting standards, academy best practice and DFE guidelines. Depreciation rules will be approved by the Board of Directors in advance of preparing the annual accounts in the first year of operation. The Board of Directors will approve any revisions thereafter.

Depreciation is provided for at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment - 20% on cost straight line

ICT Equipment – 33% on cost – straight line

Motor vehicles - 25% on cost – reducing balance

Freehold/Leasehold Buildings – 50 years straight line

Land – not depreciated

10 School Companies Policy

The Rainbow Multi Academy Trust will not form any companies, subsidiaries or joint ventures without the approval of the Board of Directors.

11 Reserves Policy

Reserve funds will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board of Directors.

12 VAT Refund Scheme for Academies

The Trust is not registered for VAT at present, but will keep this on review. VAT Claims can be to HMRC via the claim form 126. Claims are made every 2 months to HMRC by the Chief Financial Officer.

13 Keys Inventory

The Key inventory is the responsibility of the Premises Manager to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security ensures to be put in place and for the key inventory to be updated.

14 Computer Systems

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

Appendix 1: Financial Scheme of Delegation

FUNCTION	Board of Directors	Finance Committee	Chief Financial Officer	Clerk to the Board	Head Teachers	School Admin Staff
Comply with Financial Regulation	✓	✓	✓	✓	✓	✓
Comply with Minimum Standards	✓	✓	✓	✓	✓	✓
Ensure Separation of Duties			✓		✓	
Ensure Internal Controls operate correctly			✓		✓	✓
Ensure policies are complied with	✓	✓	✓	✓	✓	✓
Prepare annual revenue budget			✓		✓	
Agree Spending Priorities	✓	✓				
Approve costed items for new budget	✓	✓				
Approve annual revenue budget	✓	✓				
Monitor budget		✓	✓		✓	
Register of interests				✓		

APPENDIX 2 – FINANCIAL SCHEME OF DELEGATION

Budget area of Authorisation	Limits	Authorised Staff	Additional Information
Payments Cheques/BACS signatories	<£20,000 per cheque or single item in BACS run.	Heads School Finance Office designated signatory	Two signatories
	>£20,000 per cheque or any one item in BACS run	Chair LGB Chair of MAT Finance Committee Executive Principal Chief Financial Officer	Three signatories
Purchase Cards	£3,000 per month	Heads/CFO/CEO or staff delegated by heads	One signatory- MUST be authorised before use.
Budget Changes and Virement	Over £20,000	Heads with approval of the Trust Board Finance Committee	
	Under £20,000	Heads with CFO approval	
Contracts and Equipment Licences	Over £50,000	Heads with approval of the Trust Board Finance Committee	4 written competitive tenders for contracts >£50,000
	Over £20,000 and up to £50,000	Trust Board Finance Committee	3 formal quotations to be submitted in writing by a specified date and time based on a written specification for contracts between £20,000 and £50,000.
	Over £3,000 up to £20,000	CFO and CEO approval	2-3 quotes/best value records where possible.
	Below £3,000	Heads	
Requisitions and Purchase Orders Internal requisition to be used in all schools and processed by the Central admin staff in PSF. Purchase Orders to be authorised by CFO or Head via PS Financials	Over £50,000	Heads with approval of the Trust Board Finance Committee	For orders over £50,000 written specification to be prepared and at least four sealed bid tenders to be requested. Tenders to be reviewed and approved by board.
	Over £20,000 and up to £50,000	Heads with approval of the Trust Board Finance Committee	For purchases between £20,000 and £50,000, 3 written competitive quotations are required as evidence that best value has been obtained.

Financials	Between £10,000 and £20,000	Heads with CFO & CEO approval	Minimum of two competitive quotations.
Purchases of single items or multiples of single items	Over £5,000 up to £10,000	Heads with CFO & CEO approval	For purchases between £5,000 and £10,000 evidence of best value (2-3 quotes/prices) must be provided and either attached/written onto the requisition
Orders below £1,000 (Not including VAT) do not require a PO document- heads to approve	Between £1,000 & £5,000 single items and between £1,000 and £5,000 whole purchase/order	Heads	
Payroll forms	All overtime claim, supply and sickness form and new or variation to contracts.	Heads (delegated authority – assistant head)	Chief Financial Officer to check the monthly payroll prior to authorising release to current payroll provider
	Monthly payroll BACS	CFO or Executive Principal	
Authority to dispose of equipment/assets and delegated assets write-off limits.	Up to £1,000 estimated value	Head, Chief Financial Officer	Staff or public wishing to purchase redundant or obsolete equipment must pay agreed value and not remove item(s) until receipt is issued.
	Over £1,000 estimated value and up to £20,000	Board of Directors	Items over £20,000 to be referred to DFE.

APPENDIX 3: Financial Policy Review

Date Adopted	Board of Directors	Finance Committee	Head Teachers	Chief Financial Officer	Clerk initiates review