

FINANCE POLICY 2025 - 26

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VERSION CONTROL

Version No:	Type of change	Date	Revisions from previous version
0.1	New Document	April 2020	New Policy
1.0	Annual review	Sept 2020	No changes
1.1	Annual review	Sept 2021	No changes
1.2	Annual Review	Sept 2022	Finance Director reviewed and amended as required - sections 11.2 and 11.3 amended.
1.3	Annual review	Sept 2023	Date and version number changed. Section 3.2.c - updated Section 3.9.b - updated Section 18.f - updated
1.4	Update from PPWG	Oct 2023	Section 11.1.a and f - updated Section 11.2.e - updated Section 11.3.a & e - updated Section 11.5.a - updated
1.5	Update from Trustee meeting	June 2024	Section 11.6 updated
1.6	Re-write	Sept 2024	
1.7	Annual review	Sept 2025	Date changes only

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1. POLICY STATEMENT

- a. The purpose of this policy is to ensure that City Learning Trust (The Trust) maintains effective and transparent systems of financial control to support these aims. The systems must align with the requirements of the Funding Agreement with the Secretary of State for the Department for Education (DfE), Academy Trust Handbook and Companies Act 2006.

2. PROCESS FOR COMPLIANCE AND IMPLEMENTATION

- a. To ensure the effective implementation and compliance of our finance policy across all schools within the City Learning Trust, we will adhere to the following processes:

2.1 Internal Control

- a. Co-ordinate our finance processes with the Academy planning calendar (DfE)
- b. Ensure that the delegated authorities are adhered to.
- c. Effective planning and oversight of any capital projects
- d. Management and oversight of assets
- e. Propriety and regularity of financial transactions
- f. Minimise the risk of fraud, theft and corruption (Appendix A)
- g. Ensure efficiency and value for money in all of the Trust's activities
- h. Agree a programme of internal audit is in place to give an independent review of financial controls, systems, transaction and risks
- i. Facilitate the annual external audit process using external auditors appointed in accordance with the Academy Trust Handbook

2.2 Financial Planning, Monitoring and Reporting

- a. Prepare both medium term and short term financial strategies to ensure long term financial security of the Trust.
- b. Prepare an annual balanced budget for the forthcoming academic year detailing our best estimate of how resources will be utilised to meet the educational commitments of the Trust.
- c. Where a deficit budget is expected which is unable to be addressed by the bought forward reserves the Board of Trustees will notify the ESFA within 14 days of formal proposal by the Finance Director
- d. Prepare and submit the 3 year budget to the ESFA annually using the prescribed Budget Forecast Return template
- e. Prepare monthly reports to be shared with Board of Trustees:
 - i. Management accounts with commentary detailing actual income/expenditure and variances to the approved budget
 - ii. Aged debtors and creditors
 - iii. Balance sheet including bank reconciliations
- f. Budgets to be revised regularly where variances to income/expenditure have been approved.

2.3 Cash Management

- a. The opening of all bank accounts must be authorised by the Board of Trustees
- b. The Trust's accounts must not go overdrawn
- c. Prepare a monthly cashflow statement and rolling 12-month cashflow forecast to be reviewed monthly by the CEO. Should the forecast present a possibility of the bank accounts becoming overdrawn a request can be made to the ESFA for an advance on of the monthly GAG allocation by the CEO.
- d. Bank accounts will be reconciled on a monthly basis by the central finance team.

2.4 Accounting

- a. The Trust must prepare annual audited financial statements for the accounting period 1st September – 31st August. These statements must be submitted as follows:
 - i. 31st December – ESFA
 - ii. 31st January – Published on Trust website
 - iii. 31st May – Companies House
- b. Monthly reconciliations (bank, payroll, VAT, sales ledger and purchase ledger) must be completed
- c. All financial transactions must be recorded on the finance system
- d. The finance system must be password protected and access must only be granted to authorised persons
- e. All financial documents must be retained for current year plus 6 preceding financial years

3. RESPONSIBILITIES

3.1 Board of Trustees

- a. Agree the long term financial objectives of the Trust
- b. Policy Review: Review and approve the finance policy, scheme of delegation and strategy on a regular basis, ensuring it remains relevant and effective.
- c. Delegate day-to-day financial management of the Trust to the CEO
- d. Approve the annual budgets and any material changes
- e. Review of the management accounts
- f. Appoint internal auditors
- g. Review and approval of the annual financial statements prepared by the external auditors
- h. Appointment of the Accounting Officer (AO), Chief Executive Officer (CEO) and Chief Finance Officer (CFO)
- i. Authorising of contracts, orders and payments within agreed approval limits

3.2 Members

- a. Appointment of the external auditors
- b. Review the annual financial statements prepared by the external auditors

3.3 Finance, Audit & Risk Committee

- a. Provide assurance to the Board of Trustees over the suitability of and compliance with the finance systems and controls.
- b. Review the risks to the financial control of the Trust
- c. Agree a programme of works to address any identified risks
- d. Review the scope and findings of internal audit programme

3.4 Chief Executive Officer (CEO)

- a. The Chief Executive Officer (CEO) is the Accounting Officer (AO) with responsibility to Parliament and the ESFA for the propriety and regularity of the public finances for which they are accountable.
- b. Initial review and authorisation of the budget
- c. Regular monitoring of the actual income/ expenditure against budget
- d. Ensure annual accounts are produced in accordance with the requirement of the Companies Act 1985
- e. Authorising of contracts, orders and payments within agreed approval limits
- f. Compliance with the Scheme of Delegation
- g. Ensure regularity and propriety of value for money practices
- h. Benchmarking of key performance indicators against similar establishment

3.5 Chief Financial Officer (CFO)

- a. Management of the day-to-day financial position of the trust at a strategic level
- b. Oversee the annual budget setting process
- c. Ensure regular reports to the board are full and accurate
- d. Authorising of contracts, orders and payments within agreed approval limits
- e. Verify that the appropriate period end procedures have been undertaken and management accounts produced
- f. Verify that an accurate Fixed Asset register is maintained
- g. Ensure regularity and propriety of value for money practices
- h. Prepare statements for regularity, Propriety and Compliance and Value for Money in the annual report and financial statements
- i. Ensure that annual accounts are properly presented and adequately supported

3.6 Finance Director

- a. Management of the day-to-day financial position of the trust at an operational level
- b. Compliance to the scheme of delegation
- c. Ensure segregation of duties for all financial transactions
- d. Ensure appropriate period end procedures are undertaken and management accounts produced
- e. Manage day to day banking for the trust including reconciliations and cashflow forecasting
- f. Maintain effective systems of financial control
- g. Ensure internal controls to prevent and detect fraud are in place
- h. Maintain an accurate fixed asset register
- i. Review and update the risk register regularly
- j. Ensure regularity and propriety of value for money practices
- k. Submit all reports and returns to the DfE, ESFA and HMRC
- l. Support colleagues with grant applications
- m. Prepare the annual and rolling 3 year budget for review and approval

3.7 All Staff Members

- a. Ensure security of Trust property
- b. Ensure economy and efficiency in the use of Trust resources
- c. Declare pecuniary interests
- d. Understand the procedures on accepting gifts and hospitality
- e. Report the misuse of Trust property/ resources to their line manager

4. LINKS TO OTHER POLICIES

- a. None

5. MONITORING AND REVIEW

- a. This policy has been approved by the Board of Trustees. It will be reviewed by the Policy and Procedures Working Group on an annual basis to ensure continuing compliance.

APPENDIX A

Fraud, Theft and Corruption

- a. The City Learning Trust aims to be an honest and ethical organisation. As such it is opposed to fraud and seeks to eliminate fraud by creating a culture which deters fraudulent activity, encourages its prevention and promotes detection and reporting.

Definitions

Fraud

- a. Fraud is intentional deceit covering theft, deliberate misuse or misappropriation of assets or resources.
- b. Fraud incorporates theft, embezzlement, forgery, corrupt practices and falsification of accounts

Corruption

- a. Corruption or corrupt practices is defined as the offering, giving, soliciting or acceptance of a reward which may influence the actions taken by the Trust, its staff or Trustees.

Gifts and Hospitality

- a. Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

Theft

- a. The dishonest taking of property belonging to another person/ entity with the intention of depriving the owner permanently of its possession

Examples

- a. Theft of cash
- b. Non-receipting of income
- c. Expense claims for non-existent journeys/ purchases
- d. Inflated mileage claims
- e. Manipulation of payroll documents i.e. false overtime claims
- f. Unauthorised borrowing of Trust equipment
- g. Failure to declare pecuniary interests
- h. Concealing generous gifts/ rewards
- i. Creation of false documents i.e. supplier invoices
- j. Unfairly influencing the award of a contract
- k. Using position for personal reward

Gifts and Hospitality

- a. These guidelines set out the gifts and levels of hospitality which are acceptable:
 - i. To accept gifts should be the exception. You may accept a small thank you gift of token value such as a diary, mug or flowers not over £50 in value from an individual or company. Any gifts over this value must be recorded on the Gifts and Hospitality register which is held by the HR department.
- b. Always decline the gift/hospitality if you believe that the giver has an ulterior motive
- c. Never accept a gift/hospitality from anyone who is or may be tendering for any contract with the Trust, seeking employment with the Trust or is dispute with the Trust, even if you are not directly involved in the process.
- d. Where items purchased include a free gift these must be used for Trust business or donated to charity.
- e. If you are in any doubt about the acceptance of gifts or hospitality you must decline

Examples of Acceptable Hospitality

- a. Occasional working lunches with customers/partners.
- b. Invitations to represent the Trust at corporate hospitality events i.e. cultural/sport event/celebrations. Consideration must be given to the public perception of these events before accepting the invitation. Where spouses are invited to attend the cost for the spouse must be met personally.
- c. Acceptance of refreshments when visiting other academy trusts/customers/suppliers
- d. Acceptance of hospitality provided at conferences/seminars related to your work

Reporting Suspected Fraud or Corruption

- a. All allegations of suspected fraud and corruption must be reported without delay. Please refer to the whistleblowing policy for further guidance.
- b. Depending on the seriousness and sensitivity of the issues involved. You should raise your concerns with:
 - i. A member of your Senior Leadership Team
 - ii. Your Headteacher/ Principal
 - iii. Human Resources
 - iv. A member of the Trust Executive Leadership Group
 - v. Board of Trustees

Response to Allegations

- a. The Trust takes any actual or suspected incident of fraud or corruption seriously and will carry out a thorough investigation. The allegation will be investigated by a member of the Trust Executive Leadership Group, HR Director and/or Finance Director.