



Financial procedures and reserves policy

This is the policy of the Confederation of School Trusts (hereafter, CST), on financial controls and procedures in accordance with the Charities Act 2011 and Charity Commission Statutory Guidance (CC8).

Our statement of general policy is to ensure that we:

- meet our legal duties to safeguard the charity's assets and other statutory obligations such as Charity Acts, HMRC and common law;
- enable trustees to be in proper financial control of CST;
- administer the charity's finances and assets in a way that identifies and manages risk;
- ensure the quality of financial reporting, by keeping adequate accounting records and preparing timely and relevant financial information;
- ensure that assets are properly used, that our funds are spent effectively and our financial affairs are well managed; and
- ensure proper segregation of duties so that no single individual has sole responsibility for any single transaction from authorisation to completion and review.

1. Financial responsibilities

1.1 Delegation of authority

- The Board delegates authority to the CEO to prepare the annual budget in line with CST's strategic plan, ensuring early consultation with the Board (see Scheme of Delegation).
- The budget will be risk assessed and budget risks will be managed as part of CST's overall risk management policy.
- The Board also delegates to the CEO variations to the approved budget where the variation would not have a significant impact on the overall approved levels of income and expenditure. A financial variation shall be treated as significant if it involves incurring one-off expenditure of £10,000 (see Scheme of Delegation).
- The Board delegates to the CEO responsibility for drawing up the annual report for Board approval (see Scheme of Delegation).
- The Board retains responsibility for approval of the staffing structure, prepared by the CEO. The Board also retains approval of significant changes to overall HR policy and procedures, including staff terms and conditions of employment and pay policy. The Board delegates to the CEO staff appointments which are approved within the overall staffing structure (see Scheme of Delegation).



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1.2 Reserves policy

- CST currently holds circa £600,000 in reserves.
- These reserves are held for the following reasons:
 - a) Contingency fund from reserves to meet unforeseen operational costs/ emergency or unexpected need: this is forecast to be circa £50,000 in the financial year 2018/19.
 - b) Uncertainty over future income – reserve allocation of £10,000 to £20,000 in the financial year 2018/19 to allow time to develop new sources of income, recruit new members and/or to reduce expenditure.
 - c) Planned spending commitments which cannot be met from future income in 2018/19: marketing and legal fees (circa £50,000) as we reposition, reshape and rebrand the association; and circa £2,000 for the Association to achieve compliance with cyber security essentials.
 - d) Contingency for unplanned closure - 6 months of operational costs and staff redundancy: £150,000.
- This reserves policy will be reviewed annually at the March meeting of the Board.

1.3 Investments and borrowing

- In accordance with Charity Commission guidance, CST's investments are held in a range of fixed rate/ fixed term deposit accounts with banks covered by the guarantee scheme. The Board will review the investment portfolio once a year at the meeting where the budget is approved.
- We do not have a loans policy.

1.4 Conflicts of interest

- Conflicts of interest will be managed according to CST's conflicts of interest policy.

1.5 Segregation of Duties

- The Board will annually at the March meeting appoint a Treasurer. The role of the Treasurer is to ensure financial probity (with the CEO who is the accounting officer), oversee internal audit procedures, and at least twice a year, spot check that reconciliation has been done and sign the cash book accordingly.
- The Treasurer will chair the Audit, Risk and Remuneration Committee.

2. Budgetary control and monitoring

2.1 The annual plan and budget approval

- The financial year will end on the 31st March each year.
- Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next Annual General Meeting (AGM).

September 2018

Charitable Company Limited by Guarantee, Registered in England, Charity Number 1107640, Company Number 05303883
VAT Registration Number 270 0880 18

CST Registered Office; George Spencer Academy, Arthur Mee Road, Stapleford, Nottingham NG9 7EW - Tel 0115 917 0142



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- Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- The AGM will appoint an appropriately qualified auditor (once every three years) or independent examiner (every year not including the year of full audit) to audit or examine the accounts for presentation to the AGM.

2.2 Reporting and monitoring income and expenditure

- A report comparing actual income and expenditure with the budget will be presented to the trustees at every Board meeting.

3. Banking

3.1 CST will bank with Lloyds Bank at Threadneedle Street branch. Accounts will be held in the name of CST. The following accounts will be maintained:

- CST Account No 1 (CST Current account)
- CST Investment Account (CST Business Instant Access account)

In addition, there is bank account with Clydesdale for collecting membership direct debits.

3.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) will be approved and minuted by the trustees annually at the March meeting.

3.3 CST will require the bank to provide statements every month and these will be reconciled with the cash book no less frequently than every month. The Treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.

3.4 CST will not use any other bank or financial institution or use overdraft facilities or take out a loan without the agreement of the trustees.

3.5 Internet banking controls (Lloyds Commercial Banking On-line))

- BACS run up to twice a month.
- The Accountant receives invoices and uploads to Lloyds Bank (set up and first authorisation)
- CEO second authorisation (on-line) - with sight of BACS transaction and spreadsheet giving explanation of payment.
- Executive Officer third authorisation (on-line). Executive Officer prints off and keeps a record.

3.6 Clydesdale bank account (for collecting membership direct debits)

- The Accountant transfer funds from Clydesdale to Lloyds.
- The Accountant prints off each transaction and sends it to the Executive Officer to sign.
- The Executive Officer checks and signs Clydesdale bank statement monthly.

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4. Controls on income

4.1 All monies received will be recorded promptly in the cash analysis book and banked without delay. CST will maintain documentation to back this up.

5. Controls on expenditure

CST will ensure that all expenditure can be demonstrated to be the charity's business and is properly authorised. Whilst an approved budget sets out the planned level of expenditure within the year, signatories should not incur expenses which are outside of their authorised expenditure level.

5.1 Procurement, estimates and tendering

- Establish a quotations file – update once per year.
- For any non-recurring items, we will seek three competitive quotes.

5.2 Purchase orders and invoices

- Paper purchase orders will be raised for any non-recurring item.

5.4 Salaries/ payroll

- There will be a clear trail to show the authority and reason for every such payment; e.g. a payment requisition asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE National Insurance regulations.
- The Accountant sets up payroll monthly and runs off the reports which are sent to the Executive Officer for checking. Once approved, the RTI filing is completed and the payments are set up on internet banking for authorisation and payment. The CEO or Trustee in the CEO's absence will authorise the payments using on-line banking.
- HMRC payments are made at the same time as salaries on internet banking.
- Pension payments for those employees in the Pensions Trust are paid by direct debit and for those with salary sacrifice are paid by standing order. These payments should be checked and authorised by the Executive Officer.

5.5 Financial delegation

- £10,000 financial delegation to Executive Officer – but requires a purchase order for non-recurring expenditure.
- Up to £24,999 to CEO within approved budget - but requires a purchase order for non-recurring expenditure, authorised by the Chair.

5.6 Expenses

- Expenses will be paid in accordance with CST's trustee and staff expenses policy.

5.7 Insurances

- CST uses a broker to advise on best value in relation to insurance policies
- A purchase order will be raised annually.

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- The Declaration will be signed by the CEO or an authorised trustee.

6. Controls on financial assets / record keeping

6.1 Cheques and cheque signatories

- The Accountant will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- Blank cheques will never be signed.
- Each cheque will be signed by at least two people. A cheque must not be signed by the person to whom it is payable.
- The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed. Supporting documentation will always be presented to the signatory when a request is made to approve a cheque or online transaction.
- No cheques should be signed or online transaction approved without original documentation.
- Every payment from CST's bank accounts will be evidenced by an original invoice (never against a supplier's statement for final demand). That original invoice will be retained by CST and filed. The cheque signatories should ensure that it is referenced with: cheque number, date cheque drawn, amount of cheque, who signed the cheque.
- The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

6.2 Credit cards

- Two company credit cards are held– one held by the CEO and the other by the Executive Officer
- Credit card statements are received in the CST office.
- For the CEO, the statement is scanned and posted, and returned with annotation and receipts. This is checked by the Executive Officer and sent to the Chair for authorisation.
- For the Executive Officer, the statement is sent to CEO for checking and authorisation.
- Statements and receipts are returned to the Accountant for audit purposes.

6.3 Authorisation and record keeping

- CST does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £24,999, must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details to the next meeting of the trustees. This covers such items as new service contracts, office equipment, purchase and hire.

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- Our books of accounts are maintained on Quick Books which maintains HMRC taxation records in accordance with current legislation and reporting requirements.

7. Controls on human resources

7.1 Staff recruitment

- All staff appointments will be authorised by the trustees as part of the overall staffing structure, prepared by the CEO.
- The CEO is authorised to make staff appointments approved within the overall staffing structure.

7.2 Staff salaries, regrading or contractual changes

- The Board retains approval of significant changes to overall policy on staff terms and conditions of employment and pay policy.
- Any contractual changes, including changes in hours and any variable payments will be authorised by the trustees.

7.3 Casual staff/consultancies

- The board authorises the CEO to recruit casual/ agency staff where the post is in the overall staffing structure, for example to cover a maternity leave or sickness absence, but the impact on the budget should be reported to the Board.

7.4 Staff overtime

- The CEO and Executive Officer have the authority to authorise staff overtime at exceptionally busy periods, but must make an assessment of this against budget. Time sheets will be completed by staff for any additional hours and then authorised by the Executive Officer.

8. Controls on physical assets

CST will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally CST will maintain a property record of items of significant value, with an appropriate record of their use.

9. Capitalisation:

CST does not capitalise assets under £1,000.

10. Review of controls

The trustees will review annually the effectiveness of the charity's internal financial controls. This will include an assessment of whether the controls are relevant to, and appropriate for, the charity and not too onerous or disproportionate.

Authorised signatory

Date 21 September 2018; Revised 2 November 2018

Date of review: July 2019

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