



Financial Management Policy

Approved by:	Finance & Resources Committee	Date: 19/11/2025
Last reviewed:	Ransi Bandara, CFOO November 2025	
Next review due by:	November 2026	

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1. Aims

The purpose of this policy 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 and the Academies Trust Handbook (ATH) both published by the Department for Education (DfE) This policy expands on that and provides detailed information on the Trust's accounting procedures.

2. Who is the Policy for

The Policy should be read by all staff involved with financial systems and accountability.

3. Definitions

None.

4. Organisation and Responsibilities

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 employees.

4.1 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.

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 DfE 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,
- Approval of the annual accounts.

4.2 Finance and Resources Committee

The main responsibilities of the Finance and Resources Committee include:

- Initial review and recommendation for authorisation to the Trust Board of the annual budget and any material changes, in line with the Scheme of Delegation,
- 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,
- 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.

4.3 The Headteachers

The Headteachers 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 – Financial Scheme of Delegation,
- Following the Financial Scheme of Delegation,
- Authorising payments within the approval limits shown in Appendix 1 - Financial Scheme of Delegation,
- Monitoring regular budget reports with the Trust Finance team and acting on any overspends or risks.

4.4 The Accounting Officer

The Trusts' Accounting Officer and Executive Principal 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.

4.5 Chief Finance & Operations Officer

The Chief Financial Operations Officer (CFOO) works in close collaboration with the CEO through whom he or she is responsible to the Board of Directors. The CFOO also has direct access to the Finance Committee. The main responsibilities of the CFOO 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 and overseeing orders and the award of contracts within the approval limits shown in Appendix 1 - Financial Scheme of Delegation,
- authorising payments within the approval limits shown in Appendix 1 - Financial Scheme of Delegation,
- ensuring forms and returns are sent to the DfE in line with their reporting deadlines
- submitting grant applications and reports to all relevant bodies as in line with required deadlines,
- Approval of budgetary changes within the schools in line with required deadlines,
- Oversee the review of the Trust's key contracts annually or as contract terms timescale permits.

The CFOO may delegate or appoint others to assist in these responsibilities.

4.6 The Audit Committee

The Audit Committee responsibilities were previously incorporated within the Finance & Resources Committee. The Audit Committee provides Directors with an independent oversight of the Rainbow Multi Academy Trust's compliance including financial affairs namely systems and controls.

The main duties relating to financial affairs are 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 audit 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 and Resources 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 and Resources Committee.

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

4.7 Other Employees

Other employees, primarily the Finance and Administration employees in the Trust Central office, school offices, budget holders such as Headteachers, will have some financial responsibilities and these are detailed in Appendix 1 - Financial Scheme of Delegation.

All employees 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.

4.8 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 employees with significant financial or spending powers are required to declare any fiscal interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

5. Accounting System

All the financial transactions of the Trust must be recorded on the approved Trust finance system. The system is operated by the Trust Finance team and includes the following key elements:

- Income,
- Purchasing,
- Payroll,
- Assets,
- Bank Accounts.

5.1 Administration

There will be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records will be stored in accordance with the Companies Act. Only authorised employees 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.

5.2 Access Rights

The CFOO is responsible for setting access levels for all employees using the system. Access rights within the system are defined for each user with a unique ID and password.

5.3 Back-up Procedures

The finance system will be protected by robust back up procedures.

5.4 Transaction Processing

All journal transfers that will alter the budget require signed authorisation by the relevant individual or Body in line with the Financial Scheme of Delegation. Bank Transactions will be input by the Finance staff.

Monthly reconciliations will be carried out by the Finance Team and reviewed at Central level and at Team Around the School meetings.

6. Financial Planning

The improvement plan of each school and The Rainbow Multi Academy Trust provides the framework for the annual budget for each school and Trust 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.

6.1 Budget Plan

The CFOO is responsible for working with the Executive Leadership Team, Headteachers and Senior Management Team to prepare a budget plan for consideration by the Finance and Resources Committee. The Finance and Resources Committee must recommend the budget for approval by the Board of Directors prior to submission to the DfE by the required deadlines.

6.2 Balancing the Budget

For each school, 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 reductions can be made. This may entail prioritising tasks, deferring projects or structural changes 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 DfE.

6.3 Finalising the Budget

Once the different options and scenarios have been considered, the draft budgets should be submitted to the Finance and Resources 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.

6.4 Budget Management, Monitoring and Review

For each school budget monthly reports will be made available by the Finance Team. The reports will detail actual income and expenditure against budget. Any potential overspend against the budget must in the first instance be discussed with the CFOO.

The Finance and Resources 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 - Financial Scheme of Delegation.

7. Payroll & HR

The main elements of the payroll system are:

- staff appointments,
- payroll administration,
- payments.

7.1 Payroll Administration

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 securely maintained and stored.

7.2 Payments and Monitoring of the Payroll

Payroll will be checked and authorised by the HR Manager with support from the Finance Team.

The Trust outsource payroll services; to Neo People Management who 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).

8. 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 CFOO 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.

All purchases should be made in line with the Trust's Procurement and Tendering Policy.

8.1 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.

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

All cheques and cash are to be securely stored.

8.2 Payments to Individuals

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

8.3 New Suppliers

There is a clear segregation of duties between employees that can set up a new supplier and employees that can process payments.

8.4 Fraud Prevention

Payments via BACS to new suppliers or where there has been a change to a current suppliers bank details are subject to additional payment verification controls.

9. Income

The main sources of income for the Trust are the grants from the DfE and other outside agencies and funding from the Local Authority. The receipt of these sums is monitored directly by the CFOO 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.

9.1 Lettings

All lettings are managed in line with the separate Lettings Policy. The Policy and charges will be reviewed annually and approved by the Finance and Resources Committee.

9.2 Debtors

Debt write off levels have been established and will be reviewed annually and approved by the Finance and Resources Committee.

All debts should be recovered in line with the debt recovery process.

9.3 Custody

Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists.

All cash and cheques are kept securely and in line with the school insurance limits. All money collected is promptly banked, the sums posted to the accounting system and reconciled.

10. Cash Management

10.1 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 Financial Scheme of Delegation (Appendix 1).

10.2 Deposits

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

10.3 Credit cards

All credit cards should be held securely when not in use. 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). A record of the expenditure should be kept together with the VAT receipt or invoice obtained.

The credit card statement should be reconciled to the bank account on a timely basis.

10.4 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.

10.5 Bank Reconciliations

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

10.6 Cash Flow Forecasts

The Finance Team will prepare cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. This is monitored by the CFOO.

10.7 Investments

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

11. Fixed assets

11.1 Asset register

All items purchased with a value over the Trust's capitalisation limit must be entered in an asset register.

11.2 Security of assets

Stores and equipment must be marked as the Trust's property and secured by means of physical / other security devices.

There will be a regular (at least annual) count by someone other than the person maintaining the register. Any discrepancies will be investigated promptly and, where significant, reported to the Finance and Resources Committee.

11.3 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.

11.4 Loan of Assets

Items of Trust property must not be removed from Trust premises without the authority of the appropriate Headteacher / 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.

11.5 Depreciation

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.

12. School Companies

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

13. Capital and Revenue Reserves

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

The Trust's level of reserves can be expressed as a target figure or a target range or % of turnover.

The Trust should not set a level of reserves above the limits permitted by the DfE that may result in a claw-back of funds by the DfE.

The level of reserves should be monitored throughout the year as part of the normal monitoring and budgetary reporting processes.

13.1 GAG Pooling

The Trust will pool brought forward reserves for all of the existing academies that are included within the pooling arrangement, pooling all reserves, except for the following:

- PFI income,
- Sport & PE grant funding,
- LA High Needs Funding,
- Any donations or income streams that have been specifically restricted to that constituent academy,
- Any income that is ringfenced as part of any legal or transfer documentation or any other restricted funds which have been allocated to the school for a specific purpose, for example a specific bequest or donation.

All other fund reserves will be held centrally and pooled, including:

- General Annual Grant (GAG) allocation (per the annual GAG statements),
- Rates reimbursement,
- Teachers Pay Grant (TPG),
- Teachers' Pension Scheme (TPS),
- Universal Infant Free School Meals,
- Free School Meals supplementary,
- Bank interest income,
- Utilities income,
- Devolved Formula Capital (DFC) funding,
- All other unrestricted funds.

Prior to approval, any expenditure from brought forward reserves will be formally agreed by the Finance & Resources Committee.

14. Review

This policy will be reviewed by the CFOO annually. At every review, the policy will be approved by the Finance and Resources Committee and Board of Directors.

15. Links with other Policies

Links to other Policies include:

- Anti-Fraud & Corruption Policy,
- Charging and Remissions Policy,
- Conflict of Interest and Related Party Transactions Policy,
- Expenses Policy,
- Gifts and Hospitality Policy,
- Lettings Policy,
- Procurement and Tendering Policy.

APPENDIX 1 – FINANCIAL SCHEME OF DELEGATION

Budget area of authorisation	Limits	Authorised staff	Additional information
Ordering goods & services within the approved budget	up to £5,000	Headteachers or Central Senior Management Team	To be placed securing value for money and with evidence of best value where possible.
	£5,001 to £10,000	Headteachers with one of Operations Manager, CFOO, DCEO, CEO approval	Minimum of two quotes required
	£10,001 to £30,000	Minimum of 2 of Operations Manager, CFOO, Deputy CEO, CEO	Minimum of three quotes required with justification for choice of supplier
	£30,001 to £100,000	CFOO plus either CEO or Deputy CEO	Minimum of three written quotes required with documented justification for choice of supplier and purchase
	£100,001 to £200,000	CFOO / DCEO / CEO recommend to Finance and Resources Committee for approval	Subjected to the appropriate tender procedure documented within this policy at 5.3 and subject to EU limits as per DfE
	Over £200,000	Finance and Resources Committee recommend to the Board of Directors for approval	
Signatories for cheques, BACs payment authorisations and other bank transfers	Unlimited	Two signatories - must be listed as signatories on bank mandate	On receipt of authorised order or service (& proof of delivery if required) and subjected to the procedures above
Signatories for DfE grant claims and return	Unlimited	CEO or CFOO	
Purchase Cards	£3,000 per month	Any staff delegated by CEO or CFOO	Card named signatory - MUST be authorised before

Purchase Cards -Central	£5,000 per month	CEO delegated to CFOO	use and is subject to the terms and conditions within the credit card policy
Budget Changes and Virement	Up to £5,000	School: Headteachers with Operations Manager or ELT Central: Operations Manager or ELT	
	£5,001 - £20,000	Heads with CFOO or ELT; SMT with CFOO or ELT	
	£20,001 - £50,000	CEO and CFOO	
	Over £50,001	CEO or CFOO recommend to F&R	
Payroll forms	All overtime claim, supply and sickness form and new or variation to contracts.	Heads (delegated authority – Deputy/Assistant Heads)	HR to check the monthly payroll prior to authorising release to current payroll provider
Authority to dispose of equipment/assets and delegated assets write-off limits.	Up to £10,000 estimated value	Head, Operations Manager or a member of ELT	Staff or public wishing to purchase redundant or obsolete equipment must pay agreed value and not remove item(s) until receipt is issued
	£10,000 - £50,000	CEO, Deputy CEO, CFOO	Over £20,000 refer to DfE
	Over £50,001	Trust Board	