

# Cash Management and Investments Policy

## Document Control

Date	Revision amendment details	By whom
Jul 2019	Adopted by TEFAT Board	Trustees
June 2021	Reviewed and updated	FD
July 2021	Revisions adopted by TEFAT Board	Trustees
July 2023	Reviewed and updated	FD
August 2025	Reviewed and updated	FD
July 2027	Next review date	

## Table of contents

<b>Elliot Foundation Academies Trust Values.....</b>	<b>3</b>
<b>Related policies and documents.....</b>	<b>4</b>
<b>Definitions.....</b>	<b>4</b>
<b>1. Policy statement and objectives.....</b>	<b>5</b>
<b>2. Principles.....</b>	<b>5</b>
<b>3. Bank Accounts.....</b>	<b>5</b>
<b>4. Deposits.....</b>	<b>6</b>
<b>5. Payment Procedures.....</b>	<b>6</b>
<b>6. Administration.....</b>	<b>6</b>
<b>7. Cash Flow Forecasts.....</b>	<b>7</b>
<b>8. Investments.....</b>	<b>7</b>
<b>9. Petty Cash Accounts.....</b>	<b>7</b>
<b>10. Corporate Cards.....</b>	<b>8</b>
<b>11. Cash management and security.....</b>	<b>8</b>

## Elliot Foundation Academies Trust Values

### 1. Put children first

- a. We trust and value your professionalism
- b. We share the responsibility for the learning and welfare of all of our children
- c. Our purpose is to improve the lives of children

### 2. Be safe

- a. Don't assume that someone else will do it
- b. Look after yourself, your colleagues and all children
- c. We are all responsible for each other's safety and well being
- d. Discuss any concerns with an appropriate member of staff

### 3. Be kind & respect all

- a. People are allowed to be different as are you
- b. Kindness creates the positive environment we all need to flourish
- c. This kindness should extend to ourselves as well as to others

### 4. Be open

- a. If you can see a better way, suggest it
- b. If someone else suggests a better way to you, consider it
- c. We exist to nurture innovators and support those who take informed risks in the interests of children

### 5. Forgive

- a. We all make mistakes
- b. Admit them, learn from them and move on

### 6. Make a difference

- a. Making the world a better place starts with you
- b. Model the behaviour that you would like to see from others

## Related policies and documents

- Procurement policy
- Expenses Policy
- Financial Planning Policy

## Definitions

- Where the word 'Trust' is used in this document it refers to The Elliot Foundation Academies Trust.
- Where the term 'Finance Committee' is used in this document it refers to the Finance sub-committee of The Elliot Foundation Academies Trust board.

## **1. Policy statement and objectives**

- 1.1. The Trust needs to ensure that it has appropriate cash reserves to meet its obligations, and that any significant cash reserves earn a return. Banking and investment systems must be in line with The Elliot Foundation Academies Trust regulations to ensure consistency of approach, ease of administration and reduction of risk.

## **2. Principles**

- 2.1. This policy is approved by the Finance Committee on behalf of the Trust Board. It applies to all employees.
- 2.2. The general principle is that the Trust should operate with an appropriate level of cash reserves, and controls over cash in every school should be robust to minimise the risk of loss. Cash should be increasingly held centrally to minimise risk, but this has no impact on school reserves.

## **3. Bank Accounts**

- 3.1. TEFAT automatically opens one current account for each academy. The bank chosen follows a tender process that ensures the best returns plus convenience of service. TEFAT currently uses Lloyds. It is not anticipated that further accounts will be required. Should any other accounts be open then these must be incorporated into the accounting system to ensure transparency of recording and completeness of accounts. The opening of any further accounts must be authorised by the TEFAT CEO or FD.
- 3.2. This account will only be used for small local needs, and for the receipt of income from, for example, local authorities to aid income recognition. DfE income is paid into the main central account, and payroll and most regular payments are made from this account. The local account is capped at a maximum balance of £10k (unless by agreement with the FD) with excess funds moved monthly to the central account, to maximise cash flow and investment opportunities.
- 3.3. This arrangement has no impact on reserves, which are not linked to cash balances.

## 4. Deposits

- 4.1. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit and;
  - A reference, such as the number of the sales invoice or receipt or the name of the debtor.

## 5. Payment Procedures

- 5.1. All BACs payments or other instrument authorising withdrawal from academy bank accounts must be signed off by the Principal, and authorised by two head office finance staff. This includes the FD for all payment runs over £25k, and two directors for any runs over £100k.
- 5.2. This provision applies to all accounts, public or private, operated by or on behalf of a TEFAT academy.
- 5.3. The use of cheques is being phased out with the only chequebooks being held at head office for emergency use only. Any cheques received must now be made out to The Elliot Foundation Academies Trust, and not the school name. This is a condition imposed by Lloyds. Any cheques made out to the school risk rejection. All cheques will still be credited to the correct academy.

## 6. Administration

- 6.1. The finance lead must ensure bank statements are downloaded regularly and reconciled at least monthly. Reconciliation procedures must ensure that:
- All bank accounts are reconciled to the nominal ledger;
  - All reconciliations and outstanding items are reviewed by the finance lead; and
  - Adjustments arising are dealt with promptly.
- 6.2. Monthly reconciliations should be signed by the finance lead preparing and countersigned by the Principal, and a scan should be uploaded to the X Drive.
- 6.3. Reconciliations will be reviewed at least twice yearly by head office staff.

## **7. Cash Flow Forecasts**

- 7.1. As local school accounts are not routinely used to make payments then the risk to cash flow in these accounts is negligible. Therefore there is no requirement to produce cash flow forecasts locally.
- 7.2. By centralising cash in the one head office account the risk around cash flow centrally is minimised so long as significant Trust wide cash reserves are maintained. Head Office finance staff however will monitor cash flow at a high level to ensure the risk remains low.

## **8. Investments**

- 8.1. It is anticipated that any surplus funds will be invested in order to generate the best possible low risk returns. The nature of appropriate investments means that sums not required immediately can be invested leading to a potential series of short term investments. The longer funds can be tied up for the higher the interest rate. It is important that the Trust considers likely cash needs before any submission to the Finance Committee to invest funds is made.
- 8.2. It is expected that all investment decisions will be made on a risk averse basis. As all excess cash is held centrally no school level investment decisions will be made.
- 8.3. Investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, including the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure that income receivable is actually received.

## **9. Petty Cash Accounts**

- 9.1. If required the academy may maintain a maximum cash balance of up to £500 at any one time to meet unexpected payments and reimbursements with short notice. The cash is administered by the finance staff and must be kept in the Finance Office safe. Lower limits should be considered as we move to a more cashless environment.
- 9.2. Petty cash should only be reimbursed following submission of appropriately authorised petty cash forms supported with suitable evidence of expenditure. Wherever possible VAT receipts should be attached and VAT accounted for appropriately.

- 9.3. The only deposits to petty cash should be either from cheques cashed or withdrawals using the corporate card to top up the box. Deposits should be recorded in the petty cash account with the date, amount and a reference, normally the cheque number.
- 9.4. In the interest of security, usually petty cash payments will be limited to £20. Higher value payments should be made via payroll, or where this is too slow, by BACS.
- 9.5. The finance team is responsible for entering all petty cash transactions into the petty cash book. Regular and unannounced cash counts should be made by appropriate senior staff to ensure that all petty cash is accounted for.
- 9.6. Petty cash should be held in a locked cash box that is kept in the Finance Office safe overnight.

## **10. Corporate Cards**

- 10.1. To aid purchases where the best deals do not allow for purchase on invoices (i.e. internet purchases) each academy will be provided with a corporate card (usually in the name of the Principal). The standard monthly limit applied to the cards is £3k, which is also the single transaction limit. Higher limits can be arranged on a temporary basis if required by contacting the FD.
- 10.2. Cards can be used for petty cash withdrawals (although this attracts a charge). Corporate cards should be kept by finance and used where a traditional ordering and invoicing arrangement is not possible. A full reconciliation should be carried out on receipt of the monthly statement, which can also be downloaded using the cardholder's online account. The same level of proof of purchase is required as with other payments, so receipts and print outs of online purchases should be kept and attached to the statement. VAT should be reclaimed where appropriate. Where appropriate a purchase order should still be entered in advance of the expenditure being incurred.

## **11. Cash management and security**

- 11.1. Academies should always consider cashless options for transactions with the school community. Academies that are not cashless may still deal with significant amounts of cash in relation to school meals, uniform sales, trips and more, depending on local arrangements. It is imperative that the academy has in place robust systems to minimise the risk of loss and suspicion falling on staff members.



- 11.2. The finance lead should ensure that any significant amounts of cash are held in a secure place (i.e. a safe), which cannot be easily forced (i.e. a locked drawer). Cash should be banked as soon as possible to minimise risk.
- 11.3. Consideration needs to be given to banking arrangements. Cash collection services may be appropriate, but where cash is banked in person then two staff should accompany any cash and going at set times should be avoided to minimise the risk of robbery.
- 11.4. Any cash coming into the academy should only be given in return for a clear signed receipt. The numbers of staff handling cash should be minimised to reduce the risk of error and theft. Where a high level of low value receipts are being made, making receipt giving overly time consuming, then it may be appropriate to keep a sheet detailing payments which each payer can sign. This minimises the risk of difficulties if a payer states that they paid more than the academy believes they received, or there is disagreement over whether a payment was made at all.
- 11.5. Where significant amounts of cash is being handled or counted, i.e. emptying cash loaders, then this should always be done by two members of staff to reduce risk.
- 11.6. The use of payment systems such as ParentPay should be strongly encouraged to minimise the level of cash handling within the academy.