



Finance Standards for Financial Management Finance Policy and Procedures

<i>Document History Record of recent Policy changes</i>			
Date	Version	Author/Owner	Change
February 2020	1.0	Clare Sanders	EJS policy redrafted for Elmlea Schools' Trust
November 2020	1.1		Internal Assurance recommendations
January 2021	1.2		Tender process
September 2021	1.3	Cheryl Boyle	Reference to new Academy Trust Handbook Reporting updated to reflect practice with new staff roles Off payroll worker rule change Update to data change request for payroll
March 2022	1.4	Cheryl Boyle	Update to expenditure limits
May 2022	1.5	Cheryl Boyle	Update to month end/year end schedules to reflect practice and recommendations from internal assurance
November 2022	1.6	Cheryl Boyle	Update to schedule limits following year end audit 7.3
Trustees 'Committee		Operations	
Statutory/Non-Statutory		Statutory	
Policy Adopted		November 2022	
Review cycle		Annually	
Review date		Autumn 2023	

1 RATIONALE

1.1 The purpose of this policy is to ensure that public accountability and high standards of financial integrity are exercised over the control of public funds and sets out the responsibilities and levels of authority for the Board of Trustees and its committees together with the officers and members of staff responsible for the setting and control of the delegated Schools Budgets.

1.2 **Relationship to Other Policies**

This policy should be read in conjunction with the Academy Trust Handbook (ATH), the Funding Agreement, the Trust and School Development/Improvement Plans and the Board of Trustees Terms of Reference.

2 AIMS

2.1 The aim of the Financial Policy is to ensure that Trustees, Chief Executive Officer (CEO) / Executive Headteacher and staff are aware that it is in their own interest to ensure that the Trust’s financial controls are aligned with statutory and regulatory guidance for Academies, issued by the Education and Skills Funding Agency (ESFA) through the Academy Trust Handbook, Charity Law and the Funding Agreement and are complied with to be able to demonstrate public accountability.

3 GUIDING PRINCIPLES

3.1 The current version of the Academy Trust Handbook will represent the context within which the Trust operates financially.

3.2 **MULTI ACADEMY CROSS CHARGING**

Cross charges will be agreed and documented when budgets are signed off by the Board of Trustees and then processed on a timely basis.

4 MONITORING AND EVALUATION

4.1 Monitoring and evaluation of this policy will be undertaken via the trustees’ operations committee and will be subject to scrutiny by the appointed internal and external auditors.

5 ORGANISATION

5.1 **Structure**



5.2 **Members of the Trust**

Members have ultimate responsibility for the Trust achieving its charitable objectives, holding the Trustees to account. The Members are not responsible for the day-to-day governance of the Trust.

The ultimate purpose of the Trust and therefore of a Member, is to ensure the best possible educational outcomes for all students and pupils within the schools in the Trust.

5.3 **The Board of Trustees**

Trustees (Directors) are responsible for ensuring the Trust's funds are used in accordance with the law, the Trustees' powers under the Funding Agreement and the ATH. The Board of Trustees (the Board) must appoint the Accounting Officer. At Elmlea Schools' Trust the CEO/Executive Headteacher is the term used to describe the officer of the Trust who acts as Chief Executive Officer and Accounting Officer for the Trust.

The Board should also be aware of the statutory duties of company directors, as set out in the Companies Act 2006 (see Appendix 1).

A register of the business interests of each Member/Trustee/Governor and all members of staff is held by the business office and is available for inspection. It is the responsibility of each Member/Trustee/Governor and member of staff to declare any business interests they have which require inclusion in the register. Any Member/Trustee/Governor or member of staff who has an interest in a business tendering for a contract, will not form part of the decision-making process for that contract. No Member/Trustee/Governor or member of staff involved in awarding, managing and supervising a contract will accept gifts or hospitality from current or potential suppliers.

The Board's financial role is to:

- Give detailed consideration to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.
- Develop an ethos of financial awareness and responsibility.
- Approve and publish the budget strategy for the coming year.
- Consider accept/reject the schools' budgets, prior to the start of each financial year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- Contribute to the formulation of the Board's development plan, through the consideration of financial priorities and proposals, in consultation with the Executive Headteacher, with the stated and agreed aims and objectives of the school.
- Monitor the Trust's performance against budget on a regular basis and reviewing significant variances.
- Once the monthly management accounts have been uploaded to Governor Hub the Business Manager will notify the Chair of the Operations Committee and the Board. The Chair of the Operations Committee will mark the monthly management accounts as signed on Governor Hub and then notify the Chair of the Board, who will also mark them as signed on Governor Hub
- The Chair of the Board of Trustees will consult with the Chair of the Operations Committee if necessary for a greater understanding of any exceptions or escalations raised during the sign of process.
- Maintain the stability of the Trust's financial position by monitoring cash flow, including review of banking and investment arrangements.
- Ensure compliance with the overall financial plan for the Board, and within the financial regulations of the ESFA, Charity Law and the Funding Agreement.
- Monitor and review effectiveness of financial procedures and controls.
- Monitor the application of the Financial Management Policy approving items of expenditure or contracts as set out in the Policy.
- Approve and publish Principal Accounting Policies Including Investment, Reserves and Depreciation Policies.
- Ensure appropriate insurance cover arrangements are in place.
- Develop the Trust's strategies for procurement and value for money.
- Developing the Trust's strategy for the management of assets.

5.4 **Board of Trustees (Operations Committee)**

The Operations Committee has responsibility to:

- Consider the individual schools in the Trust indicative funding, notified annually by the ESFA and to assess its implications for the schools, in consultation with the Executive Headteacher, Director of Finance and

Operations and the Business Manager, in advance of the financial year, drawing any matters of significance or concern to the attention of the Board.

- Recommend to the Board an annual budget for each school, prior to the start of each financial year in line with the timeline set out annually, ensuring the compatibility of all such proposals with the development priorities set out in the school development plan.
- Monitor the school's income and expenditure throughout the year, with reference to the agreed budget including reviewing significant variances.
- Hold the Executive Headteacher to account for how financial resources are expended at each individual school including approving items of expenditure or contracts outside the limits of the Executive Headteacher and within the limits of the Operations Committee as set out in the Finance Policy.

5.5 **Chief Accounting Officer**

The Chief Executive Officer is appointed as the Chief Accounting Officer and is responsible to the Board for the financial management of the Trust.

5.6 **Executive Headteacher**

The Executive Headteacher is responsible for the management of the Trust's financial position at a strategic and operational level.

Management of effective systems of internal control by complying with procedures set out in the Academy Trust Handbook and the Finance Policy.

5.7 **Director of Finance and Operations (DOFO)**

The DOFO is appointed as the Chief Financial Officer (CFO) and is responsible for:

- Providing information and advice on all financial related issues.
- Liaising with members, trustees, staff, the ESFA, auditors, other bodies and organisations as and when necessary, in all areas concerning financial management.
- Providing financial management information to the Board so they can monitor income and expenditure on a regular basis throughout the year.
- Providing financial management information to the Executive Headteacher in order to assist them to monitor the schools' and Trust's performance and improve the decision-making process.
- Agreeing the budget for each school with the Executive Headteacher before it is submitted to the Board.
- Ensuring compliance with the ATH, ESFA, Charity Law regulations and statutory requirements.
- Reviewing, updating and developing the Finance Policy, as necessary including to comply with changes to the ATH.
- Ensuring that all financial transactions are in accordance with published procedures and statutory regulations.
- Ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks.
- Ensuring that the Trust's staff payroll is implemented in accordance with statutory regulations
- Ensuring that the pension arrangements are implemented in line with pension organisation regulations (both teaching and support staff pension organisations).

5.8 **Business Manager**

The Business Manager is responsible for:

- Preparation of accounts for presentation to the Board and the ESFA.
- Ensuring all financial reporting is completed according to the agreed reporting schedule.
- Overseeing the operation and maintenance of the Trust's payroll, pensions administration and VAT returns.
- Managing the Trust's bank account(s) including timely payment of invoices through appropriate methods e.g. BACs, cheques.
- Managing the Trust's cash flow.
- Managing and providing support to the Finance Administrator and the Finance and HR Administrator.
- Monitoring the schools' financial positions through the year.
- Providing the Executive Headteacher and DOFO with regular financial updates and alerting them to any concerns.
- Setting the schools' budgets in conjunction with the Executive Headteacher and DOFO.

- Overseeing compliance to the Finance Policy.
- Assisting with the operation and maintenance of budget, finance and payroll computer accounting systems.
- Ensuring compliance with the ATH.
- Investigating, recommending, and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria.
- Producing management accounts in accordance with the agreed schedule.
- Overseeing purchasing and ensuring that it is compliant with the ATH and Finance Policy.
- Being point of contact within the schools for the Trust's appointed external and internal auditor.
- Maintaining the Fixed Asset Register.

5.9 Finance Administrators

Finance Administrators are responsible for:

- Processing all official order requests.
- Processing all invoices.
- Processing requests for payments, raising BACs and cheques for authorisation
- Providing advice and support to budget holders on best value for money and producing financial management information.
- Processing all receipt of monies and for paying in at the bank on a regular basis.
- Inventory of the Trust assets is maintained by the Office and Systems Manager in conjunction with finance administrator.
- Completing the relevant month end processes as per appendix A

6 FINANCIAL PLANNING AND MONITORING

6.1 Board of Trustees Operations Committee Meetings

The Operations Committee will meet at least 3 times a year to review the Trust's financial position and financial performance.

6.2 Budget

The Executive Headteacher is responsible for the preparation of the annual budgets, in conjunction with the DOFO.

Executive Headteacher/DOFO to draft budget in Term 3 / 4 annually.

The Operations Committee will scrutinise and challenge this draft.

An amended draft will be reviewed and approved by the Board in late June/early July annually.

Budget Forecast Returns will be submitted to the ESFA by the required deadline by the Business Manager.

6.3 Monitoring at School Level

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with budget holders. The Finance Administrators will issue a termly report to each budget holder detailing committed and actual expenditure.

6.4 Audit

The Trust must produce fully audited company accounts as at 31 August each year. The Board must appoint a Statutory Auditor, which is registered under the requirements of the Companies Act 2006, to conduct an audit in line with Company Accounts requirements, SORP for charities and to certify the accounts are "true and fair".

Final accounts must be published in accordance with current regulations and ESFA guidelines.

Interim audit reviews of financial and procedural matters are carried out by an Internal Auditor, according to the schedule agreed each year by the Trust's Audit and Risk Committee.

The contract with the auditors must include a statement enabling the Trust to remove the external auditors before the expiry of the term as set out in the Academy Trust Handbook. The auditors must include their annual fees on the signed engagement letters.

The Trust must notify the ESFA immediately of the removal or resignation of external auditors, and the reasons for removal.

6.5 Reporting

The following reports will be produced by the DOFO/Business Manager:

- Monthly management accounts will be produced as required by the ATH.

7 FINANCIAL ADMINISTRATION

7.1 Accounting Systems

Access to the Sage is restricted to the DOFO, Business Manager and Finance Administrators.

7.2 Accounting Records

Only authorised staff are permitted access to the accounting records which should be securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled by an authorised person.

All accounting records including invoices, order forms, bank statements, etc. are retained in line with the schools' retention guidelines, in a secure area.

7.3 Month End Financial Schedules and End of Year Financial Schedules

Month end schedules are used to ensure that income and expenditure are recorded in the financial month to which they relate (when the goods or services were received/ provided). Schedules are prepared as part of month end procedures per appendix A.

Month end schedules also form part of the year-end financial schedules where the income or expenditure straddle two financial years and ensure that income and expenditure are also recorded in the correct financial year to which they relate.

Types of schedules include:

- Accrued Expenditure - for goods or services received by month end or 31st August but not paid by this date e.g. utility bills, overtime costs
- Accrued Income - For goods or services provided or any income due by month end or 31st August but not received by this date e.g. settlement of invoice, absence insurance income
- Prepayments - payment made by 31st August for goods or services to be received after 1st September e.g. payments of licenses
- Deferred Income - Income received by 31st August for goods or services to be provided after 1st September e.g. lettings income received in advance.
- A minimum value of £1000.00 (invoice value) is set for schedules, lower values may be included as required by the DOFO.
- All payroll costs must be included in month end accruals.
- All utility bills must be included in month end accruals.

Without year end schedules, the following risks may occur: -

- Balance at year end could be over or understated
- Use of historical spend to set budgets could be flawed
- Financial decisions based on inaccurate assessment of the schools' financial position

The Finance Administrators will:

- Review the monthly breakdown report and review any gaps.
- Prepare payroll accrual schedules based on overtime forms submitted to the payroll portal.
- Prepare prepayment schedules for any expenditure straddling two financial years.
- Prepare accrued expenditure schedules for any expenditure received but not paid for a value greater than £500.
- Monitor accrued expenditure to be released once the invoice has been paid.

The Business Manager will:

- Review monthly and year end schedules prepared by the Finance Administrators
- Prepare schedules by gathering information and collating evidence from financial management system and budget holders.
- Prepare schedules and evidence, raising queries where necessary, passing them onto the DOFO for authorisation.
- Monitor actual spend against budget schedule by recording dates processed and actual values.
- Actual spend against budget schedule will be submitted to the DOFO for sign off during final preparation of annual accounts.

The DOFO will:

- Assess total value and number of transactions on year end schedules, ensuring they are reasonable compared to historical trends
- Review evidence provided for individual transactions and ensure reasonable and in line with expectations.
- Review items marked as repeated from previous year and check whether they should stay or carry forward.
- Review specific transactions and codings, spot checking evidence and that they are accurate.
- Check that year end scheduled items are reversed out to correct codes.

7.4 Virements

Virements is the process used for transferring an agreed financial value from one cost centre budget to another. On Sage this is undertaken by the budget being re-uploaded with the appropriate amendments to the budgets.

Virements are subject to authorisation (See Authority Level section for levels of authority). The following rules also apply

- No virements for restricted funds may be carried out.
- Any increased expenditure planned on any budget heading will not lead to an overall budgetary deficit.
- CONTINGENCY - Funds set aside as a contingency at final budget setting stage must be authorised by the Executive Headteacher.

VIREMENTS - Movement of budget allocation	
The following limits apply for virements undertaken from one budget to another budget, the limit applies provided it is evident that this will not result in an overspend in the area from which it is vired or impact on the overall budget.	
Up to £5,000	DOFO
Up to £10,000	Executive Headteacher
Up to £50,000	Operations Committee
Over £50,000	Board of Trustees

7.5 Journals

The purpose of journals is to move expenditure or income between:

- funds (where the money has come from)
- Department (where internally the money has been spent)
- Ledger codes (what it has been spent on)

Journals will be reviewed/signed off as part of the monthly end review of the balance sheet by the Business Manager.

The reasons for journals are:

- To correct miscoding e.g., wrong ledger or expenditure code used.
- Apportionments e.g., a proportion of a salary to a separate cost centre
- Internal trading activities e.g., reprographic charges to budget holders.

The Trust's procedures for journals are as follows:

- Delegation limits for journals agreed by the Board
- Completed journals to be authorised with appropriate level of authority and retained.

JOURNALS
Journals for the following a) Correction to coding for any expenditure/income has been incorrectly allocated b) Salary payments c) Control account allocation e.g., bank reconciliation & payroll control accounts

d) Internal trading activities e.g., cross budget recharge	
Journals as detailed above	Business Manager with review as part of month end procedure by DOFO
All other journals require authorisation from the Executive Headteacher	Individual Journals over £10,000 to be reported to the Board

8 PURCHASING

8.1 Value for Money

The Trust must ensure that spending decisions represent value for money and are justified as such. An important value for money consideration is also the cost of the internal effort involved in managing the purchasing process. Significant service contracts will demand a major effort in terms of preparing specifications, drafting contracts and evaluating tenders. This effort can be greatly increased where Formal Tender considerations apply. The new procurement guidance stipulates that all tenders from the public sector which are valued above a certain financial threshold according to UK legislation, e.g. PCR2015 need to be published on the Find a Tender portal. Therefore, in the interests of managing the Trust's own effort and costs, it is good practice to use multi-year contracts wherever the service requirement is enduring. There are also potential advantages whereby the supplier would be prepared to invest in order to make the service provision more efficient, if guaranteed a long-term contract. It is not possible to provide universal guidance on what would constitute an optimum period of contract. For example, market conditions can change and, during the latter period of the contract, the Trust may feel that it is paying more than necessary or conversely the supplier may feel it is no longer able to cover its costs. Neither situation is comfortable; hence, where the market is more subject to change, the period should be shorter than for more stable situations. The precise period should be agreed with the Executive Headteacher as early as possible. A practical default position for large, high value contracts such as cleaning, catering and grounds maintenance is to aim for a 3-year contract with priced options to extend to 5 years.

A large proportion of the Trust's purchases will be paid for with public funds and they 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 who deal with the Trust are dealt with on a fair and equitable basis.

8.2 Routine Purchasing

Budget holders will be informed of the budget available to them at the beginning of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A termly report detailing actual expenditure against budget will be supplied to each budget holder. Budget holders are encouraged to check their budgets on a regular basis to ensure that spending is kept within the budget limits.

8.3 Purchasing Authority

No expenditure should be incurred or commitment entered into without formal delegated authority. A list of delegated authorities will be issued annually, once agreed by the Board.

Purchase Orders Requisitions must always be signed by the budget holder and countersigned at the appropriate level, according to the purchasing authority levels. (See Authority Level section for levels of authority).

No service / provision of goods contract of duration of more than 12 months can be entered into without authorisation in writing from the DOFO, no matter what the value of the contract.

Where the contract is for an enduring service valued above £30k per year, the Executive Headteacher's authorisation is necessary if it is not planned to use a multi-year contract.

All purchase orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required and a best guessed estimate must be given. Purchase orders must be submitted with all quotations received and retained together.

Once correctly authorised, all purchase orders requisitions must be submitted to the relevant Finance Administrator, who will issue an official order.

The official order number must always be quoted.

All goods received should be checked against the order form and any missing or faulty goods should be reported to the supplier, who should either re-supply the goods or issue a credit note.

If any goods ordered on an official order form are returned, a notification should be sent to the relevant Finance Administrator, so that the commitment can be cancelled.

Staff are not permitted to obtain goods/services for private use.

8.4 **Borrowing including Leases**

In line with the Funding Agreement, academy trusts must seek ESFA's prior approval for borrowing including finance leases and overdraft facilities. Reference should be made to the ATH.

No Overdraft, Lease or Purchase agreements should be entered into without the prior approval of the Executive Headteacher who will report all such agreements to the Board.

8.5 **Expenditure authorisation limits**

The Trust and individual schools must be able to demonstrate separation of duties

EXPENDITURE	
Planned Expenditure – Internal Orders Requisitions. No expenditure should be incurred or commitment entered into without formal delegated authority. All internal order forms raised for any day to day expenditure within agreed budget levels to be signed by the budget holder and countersigned at the appropriate level, according to the following purchasing authority levels.	
Up to £1,000	Business Manager
Up to £5,000	DOFO
Up to £10,000	Executive Headteacher
Up to £24,999 for Purchases/ Contracts* that have been specifically identified in the budget agreed by the Board	DOFO
Up to £24,999 for Purchases/ Contracts* that have NOT been specifically identified in the budget agreed by the Board	Executive Headteacher
All orders and contracts value over £25k*	Executive Headteacher and minuted approval from the Board following completion of tender process

***These figures relate to both single orders or multiple orders placed with the same supplier within the financial year.**

8.6 **Petty Cash/Claim for Reimbursement/Expenses Claim**

Purchases must go through school procurement systems. If a purchase needs to be made that cannot be purchased in this way, this will need the approval of the DOFO prior to ordering. Goods need to be delivered to a school site and invoices should be in the member of staff's name for reimbursement to be made.

No petty cash will be held by the schools. All claims for reimbursement/expenses will be paid through the BACs system.

The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

The maximum authorised amount for non-purchase order expenditure is £50.00. In exceptional circumstances, planned non order purchase exceeding this limit must be pre-authorised by the DOFO.

A valid VAT receipt should be attached to the claim form, which must be signed by the budget holder. Claims must be made within 30 days of purchase.

8.7 **Credit Card Procedures**

The primary method of payment is to raise a purchase order requisition, and this shall generally be used in preference to card purchases where such is offered by the supplier, however, on occasions the Trust credit card may be used.

An order requisition must be raised prior to the purchase, with full details of the secure site provided so that the finance team are able to process the purchase.

- The Board will authorise cardholders.
- Card holders will only be authorised from the following group of staff – Executive Headteacher, DOFO, Business Manager.
- The card holder must complete a declaration to accept responsibility and understand the terms and conditions for the use of the card.
- The credit card shall be issued by the Trust’s bankers.
- Each card shall be kept safe by the named credit card user. When not being used the credit card must be kept locked on-site at all times.
- The card can be used by the Finance Administrators to make purchases whilst on school site and with the permission of the cardholder. The Finance Administrators must sign a declaration agreeing to appropriate use.
- The PIN number for each card shall be known only by the cardholder and not disclosed to anyone else or written down.
- In the event of loss of the pin number the bank will be able to provide the cardholders only with the information.
- Should the card be lost or stolen the loss shall be reported by the cardholder to the issuing bank, the police, the DOFO and the Executive Head teacher immediately.
- Should fraud or misuse be suspected, the bank should be informed immediately so that the appropriate action can be taken.
- Each credit card shall have a spending limit as dictated by the Board following recommendation by the DOFO.
- The credit card balance shall be settled in full automatically each month by direct debit thereby avoiding credit card interest charges.
- The credit card transaction should be entered in the accounts as soon as possible, to ensure the completeness of the accounting records and so it is ready to be reconciled when the bank statement reaches the Trust.
- All receipts shall be authorised by the either the Executive Headteacher or DOFO.
- The cards shall not be used for personal expenditure under any circumstances.
- Cash withdrawals are not permitted.

Separation of duties is fulfilled by the following:

- If staff require goods via the internet they must liaise with the Finance Administrator to place the order on line providing they have sufficient budgetary provision and get the DOFO to authorise the purchase.
- Prior to placing the on-line order, an order requisition must be completed and authorised by the appropriate person(s).
- The cardholder makes purchase (Finance Administrators with permission from the cardholder)
- A VAT (if applicable) receipt must be obtained.
- The cardholder must present the receipt for goods/service to the Finance Administrator.
- The Finance Administrator must have a record of receipt of goods/service at school, i.e. delivery note.
- One of the Finance Administrators orders the goods using the credit card and completes a credit card reconciliation spreadsheet detailing the card purchases. The other Finance Administrator checks the credit card reconciliation spreadsheet with the entries on Sage and presents with the statement to the Business Manager signing the statement to evidence reconciliation.
- The Finance Administrator records expenditure on the schools’ accounting system against appropriate nominal ledger codes
- The Business Manager reconciles the direct debit on bank account statement against credit card statement every month.

8.8 Procurement Requirements
Orders for work, goods, services and contracts

Value of Procurement Requirements

Anticipated value of Goods, Services and Contract Sum (Individual order, annual service and annual contract)	Minimum no of quotes Trustees must make best effort to secure probity and value for money.
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£1 - £4,999	Written quotation not required. However, for items in excess of £1k, it is good practice to receive and retain three written quotations on file.
£5,000 - £9,999	For items in excess of £5k, obtain and retain three written quotations on file. If three quotes aren't available, a reason must be recorded on the internal order form and signed by the DOFO or Executive Headteacher
£10,000 - £74,999	Minimum 3 Quotes, lowest acceptable offer. Under the "Restricted Tender arrangements" at least three competitive written quotations should be invited from suitable suppliers and evidence retained on file. Three written quotations must be retained. If three quotes aren't available, a reason must be recorded on the internal order form, with written approval obtained from the Executive Headteacher and retained on the order form. The DOFO will report retrospectively to the Board.
Above £75,000	Formal tendering procedure including advertising on Find a Tender must be followed if over the £189,330 The work must be tendered in accordance with the trust tender procedures and protocols published in the Trust Financial Manual and with reference to UK Procurement Regulation, the latest publication being the PCR 2015

The above limits apply to the estimated aggregated total value of any contract whether the work falls in one financial year or is an enduring multi-year contract.

The Trust will accept the lowest tender or quotation in all purchasing decisions unless:

- i. After having followed the procedures there is good evidence that the lowest priced supplier cannot perform to the specification
- ii. A decision has been taken to judge quality and price together before prospective suppliers have been sought
- iii. A specialist provider is required e.g. Asbestos removal would be undertaken by contractor linked to annual service contract and current Asbestos Risk Assessment

Should the selection of the "lowest acceptable offer" prove to be difficult, or in any way contentious, the matter should be referred to the Executive Headteacher.

Where a single supplier is successful at winning a number of different procurement contracts leading to a total in-year value exceeding £60k the Executive Headteacher should be made aware and consideration given to bringing additional scrutiny to any future procurement activity involving the same supplier.

Where a formal tendering procedure is used (>£75k), all tenders must be opened at the same time, in the presence of the DOFO and a member of the Board.

A list of all suppliers of goods and services with invoices totalling in excess of £10,000 (in any one financial year) shall be reported annually to the Board.

Waiver of procurement arrangements

In exceptional circumstances and in line with their spending authority, the DOFO (up to £10k) or the Executive Headteacher (up to £75k) can over-ride the policy on obtaining three quotes. Instances of such over-rides will then be reported to the Trustees by exception.

Acceptable instances where the procurement arrangements may be waived:

- i the contract is urgently required, and delay would cause loss, injury or damage;
- ii the contract is of such a special nature that no advantage would be gained by inviting competitive tenders
- iii there is no effective competition because payment is fixed under statutory authority or the item is a patented or proprietary article or is only available from one source.

In cases where procurement arrangements are waived, the reason should be recorded on the internal order requisition.

These limits do not apply to orders raised for Education visits or other activities if they are paid through parental contributions; however, it is good practice to obtain three quotes if alternative providers are available.

For facilities work, all contractors used for contracts in excess of £1k should be checked for financial stability, technical ability and that relevant insurance is in place. In the event that a contractor who is not on the Trust

approved list is selected, all of the above checks must be carried out independently by the school. Supporting documentation confirming that these checks have been completed must be obtained and attached to the relevant contract file/order form.

8.8 **Payment of Invoices**

All invoices should be passed to the relevant Finance Administrator on receipt. The Finance Administrator will check the accuracy of each invoice and ensure that it meets current statutory requirements, before passing to the budget holder to authorise.

Invoices must only be paid if accompanied by a purchase order approved at the appropriate level. All cheques/ BACs payments must have a minimum of two authorisations.

Invoices will be paid within 30 days, unless the terms of credit state otherwise. The finance staff will take advantage of any discounts available for early settlement where this is to the Trust's advantage. All invoices are retained by the school for six years, plus the current year.

8.9 **Direct Debits**

Direct debits may be used to pay recurring charges such as telephone charges, utilities etc. Direct Debit mandates must be authorised by the DOFO, with a copy of the signed direct debit mandate retained.

Once the agreement is established, the actual payments must be monitored for accuracy and processed against the appropriate expenditure code. Care must be taken to ensure that VAT is properly recorded and supported by a tax invoice.

8.10 **Payment of Invoices from the Self-Employed**

When appointing consultants, advisors, trainers, instructors or other individuals who supply services to the Trust, the employment status of the person must be determined before commissioning the work. If the person works for a company and can provide a company invoice on headed paper then terms of engagement should be agreed in writing. Payment will be made to the company.

If the person states that he/she is self-employed, a check must be made with regards to the employment status for tax.

On or before the date any 'contract' is entered into the employment status must be determined of those workers who provide services to the Trust.

The HMRC Check Employment Status for Tax (CEST) service must be used when deciding if the off-payroll working rules apply.

The worker must be notified of the outcome. The online CEST tool will give an outcome regarding the worker's status and you should communicate this using a Status Determination Statement (SDS) which is a written statement stating the employment status following the assessment and the conclusion and reason for coming to it.

If the worker is not notified of the outcome the Trust becomes responsible for paying tax and National Insurance contributions for the worker.

A detailed record of determinations, including the reasons and fees paid must be maintained and there must be processes in place to deal with any disagreements that may arise

If the status is confirmed as self-employed, terms of engagement should be agreed in writing and invoices must be presented with the following minimum details:

- Date of invoice
- Name and address
- Description of goods or services provided
- Agreed price
- Declaration stating that "I am registered as self-employed and make the relevant tax and national insurance contributions"
- Tax reference number and tax district

8.11 **Supplier record amendments**

Additions and amendments to supplier records in Sage must be strictly controlled.

A new supplier form must be completed, and the relevant Companies House check carried out. New suppliers must be authorised by the DOFO.

8.12 **Extraordinary Expenditure (including transactions with related parties and investment transactions)**

Novel or contentious transactions must always be referred to the ESFA for explicit prior authorisation. Novel payments are those of which the Trust has no experience or are those outside the range of normal business activity for the Trust.

Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public and/or media.

9 **PAYMENTS TO TRUSTEE/TRUSTEES**

9.1 **Payment to Trustee/Governor**

No payment may be made to any trustee/governor unless such payment is permitted by the Articles of Association and complies with the terms of any relevant agreement with the Secretary of State.

Charity Commission's prior approval must be obtained prior to paying a trustee for acting as a trustee.

10 **ASSETS**

10.1 **Acquisition and disposal of fixed assets (Reference Academies Trust Handbook Section 5.23)**

Academy trusts must obtain prior approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Other than land, buildings and heritage assets, trusts can dispose of other fixed asset without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

10.2 **Capital Funding**

Devolved Capital – The DOFO to submit an annual premises plan for discussion with the Operations Committee.

10.3 **Asset Register**

Maintenance of the equipment register is overseen by the Business Manager. The school must maintain an asset register of its moveable assets and enter individual acquisitions with a cost greater than £1000 onto the asset register, although items of a lower value may be included. Items below the value of £1k are included on the school inventory. The school inventory is maintained by a designated member of the admin team who is responsible for ensuring that all equipment is marked as belonging to the individual school or trust.

The asset register must be checked annually with the physical assets and the DOFO informed of any surpluses/deficiencies revealed at these checks. Details of the annual audit of the asset register will be overseen by the Business Manager and will be presented to the Board.

When disposing of assets, the school will endeavor to maximise the proceeds of any asset sale.

No asset over the value of £500 may be sold or scrapped without the authority of the DOFO.

Items estimated value at time of disposal of up to £1,000 can be disposed of internally or by selling at school functions, with the authority of the DOFO.

Items estimated value at time of disposal of over £1,000 should also be referred by the DOFO to the Operations Committee following approval for disposal and should be advertised to the public and parents.

If the asset, for which a capital grant in excess of £20k was received, the approval of the Secretary of State is required prior to sale or disposal.

All disposals of equipment and other assets must be authorised by the DOFO and the Executive Headteacher.

All losses must be reported to the DOFO.

The Business Manager or DOFO ensures that the police have been informed, if the loss is as a result of burglary or theft, the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

10.4 Insurance

It is the responsibility of the DOFO to ensure that the adequacy of insurance is reviewed annually and reported to the Audit & Risk Committee.

Details of all insurance policies held by the Trust are kept in in the DOFO office under the control of the DOFO.

The schools and Trust immediately informs its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy must be authorised by the DOFO before submission to the insurance company.

An annual return of all insurance claims is submitted to the Board, at the end of each financial year.

11 INCOME GENERATION including ACTIVITIES - involving collection of income /donations from parents

11.1 School Lettings

Please refer to the Lettings Policy.

11.2 Charges and Remissions

Please refer to the Charging and Remissions Policy.

11.3 Music Tuition Fees

Please refer to the Charging and Remissions Policy.

11.4 Sale of Goods

Educational equipment or materials, incidental to the provision of education **must be sold at or below their cost price**. When necessary, staff should seek advice from the DOFO.

All money will be collected and receipted at source by a member of the Finance Team. Those pupils who are receiving music tuition can purchase their musical instrument through the school at cost price (ex VAT).

11.5 Financial Support to Pupils

Any request for financial support for optional extra activities from a pupil must be made in writing from the parents/carers and addressed to the Executive Headteacher.

11.7 'UNOFFICIAL' School Funds

It is the responsibility of the trip organiser to ensure that sufficient funding is available to cover the cost of all trips and the administration associated with it.

It is expected that all payments to the Trust will be made through the online payments system. Collection of any cash/cheques is to be collected by the Finance Administrator only.

All fund raising by pupils, for charitable purposes, should be paid directly to the Finance Administrator for banking, in readiness for payments to be made to the named charity.

All requests for payment should be accompanied by invoices, or request for payments form signed by the relevant budget holder.

The accounts are included with the annual accounts and as such are audited during the annual audit.

12 Debts

12.1 Bad debts are only written off when the Trust has followed all possible procedures to ensure their recovery.

See Debt Recovery Policy for full details

The ATH will specify the level at which bad debt write offs must be authorised by the ESFA.

13 BANKING AND CASH HANDLING

13.1 Bank Facilities

The Trust's bank mandate is subject to annual review by the Board.

13.2 Bank details

Authorised signatures

BACS

A Bank Payment Report will be produced and authorised prior to BACS payments being submitted for payment. The BACS payment must be authorised by two authorised personnel, one of which must be the Executive Headteacher or the DOFO.

Cheques

All cheques will be signed by two authorised personnel and each cheque drawn on public funds must be signed by at least either the Executive Headteacher or the DOFO.

The bank has been informed that the Trust is not allowed to borrow funds and that no account is allowed to become overdrawn.

All chequebooks are held in the safe and pre-printed cheques are held in a locked cupboard. On receipt of new cheques their numbers are recorded.

Credit cards

Credit cards will be recharged to the Trust bank account in full each month. The credit card account must be reconciled on a monthly basis.

All credit cards must be held in a safe and secure place and not left out.

Credit Card Authorisation Levels

CREDIT CARD	
Credit Card limit Up to £1,000 Single order/item of up to £500	Business Manager
Credit Card limit Up to £3,000	Director of Finance and Operations

13.3 Bank Reconciliation

Reconciliations are performed monthly by the Finance Administrator within five working days of receipt of a bank statement. The Business Manager certifies the reconciliation.

13.4 Cash Handling

A receipt is issued in respect of all monies received by the finance staff. Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques.

All monies received are banked by the finance staff. Where unusually high levels of cash are received these will be banked on the day of receipt

14 ANTI FRAUD, BRIBERY AND CORRUPTION

14.1 Please refer to Business Ethics Policy which incorporates an Anti-Fraud Policy, Bribery and Corruption procedures and an Anti-Fraud Recovery Plan.

The Trust must notify the ESFA of any instances of fraud and theft where the value exceeds £5000, individually or cumulatively, or of any value where the fraud is unusual or systematic.

14.2 Fraud Examples

Below are some examples of the types of fraud that have occurred across the country.

Leases

Academies are often offered leases and rental or hire agreements for equipment such as photocopiers, phones and computers. Whilst technically Academies have the freedom to sign operating leases, finance leases are not allowed.

Some of the deals look too good to be true with low or zero upfront costs, although they often entail high life time costs and severe exit penalties. These penalties can cost the same amount as the total amount of the lease. One School fell victim to sharp sales tactics and ended up committing the School to 14 financial agreements for 12 photocopiers which resulted in expenditure of almost £900,000.

Recruitment

Issues can arise if a senior member of staff recruits a family member or friend. By doing this a number of conflicts of interest can arise such as the senior member of staff signing off additional hours of work that have not been completed by a family member. There is also the possibility of the candidate not being the best person for the role.

If there is a potential conflict of interest, for example a family member has applied for a post within the School; the member of staff concerned must disclose the potential conflict to the Head Teacher or the Chair of Trustees immediately. The Executive Head Teacher or Chair of Board of trustees should ensure that appropriate controls are put in place to manage the potential conflict in an open and transparent manner and the risk of impropriety is minimised.

Cheque Fraud

School cheque fraud has become an increasing problem. There have been instances where cheques have been stolen from the cheque books and cashed or legitimate cheques have been intercepted and amended. Additionally, cheque amounts have been changed by the payee.

Some staff fail to line off after the payee's name on the cheque, which has resulted in the payee inserting an additional hundred before the actual amount. Cheque books should be regularly checked and reconciled with payments that have been taken out of the Trust's account.

Credit Cards

There are usage agreements that are in place to prevent the misuse of purchase cards. However, there have been instances where members of staff have used the card for their own personal purchases. A recent investigation, examined the use of a purchase card that had been used for petrol, electrical goods, food, holidays and DIY. It transpired that both the Head Teacher and Office Manager had been extensively using the purchase card for their own personal use.

BACS

BACS payments are not immune to fraud. There are a number of scams such as 'phishing' and 'vishing' which is where fraudsters attempt to obtain log in details by pretending to call from genuine high street banks. They often sound very professional and the fraudsters will sometimes ask staff to call them back on authentic sounding telephone numbers (such as 0845 223344) which the fraudsters have purchased to help them commit the fraud. Equally, it is important to ensure that BACS log in credentials are stored securely and not shared, and when members of staff leave their log in credentials must be deleted.

Invoices

There have been instances where fraudulent invoices have been sent to Academies for goods that haven't been ordered or received. Sometimes these invoices are for small amounts and sent out in their thousands to Academies up and down the country. These invoices are often sent during the holidays in the hope that staff will be too busy to check each invoice when they return for the start of term.

Income

It is common for Academies to rent out their facilities in order to generate income. Fraud can occur when the income received, especially if payment is made in cash, is stolen by staff or third parties if not properly banked and/or secured.

Computer systems used for school management are protected by password security to ensure that only authorised staff have access. Passwords must be cancelled immediately when staff leave. Passwords must be changed regularly for:

HR and Payroll system – 90 days password change

Banking on line – prompted by organisation

As part of the exit strategy for a member of staff, security access will be withdrawn immediately.

15.2 **Security of safes and keys**

School Safe must be kept locked and the keys removed and taken home by a designated member of the finance team. The team are aware that the loss of the safe keys should be reported immediately to the DOFO.

The Business Manager holds a key log for staff who hold safe keys. Keys should be recovered prior to staff leaving the school/trust. Control of issuance of safe keys will be managed by the DOFO who will authorise issuance of the safe keys to relevant members of staff.

The maximum value of cash held in the school safe at any one time will be £3,000 in total on each site. The schools are covered through the Education Funding Agenda RPA Scheme, for a total of £5k per school.

16 **WHISTLEBLOWING**

Please refer to the Whistleblowing Policy.

17 **PAYROLL and PENSIONS**

17.1 **New Appointments**

For positions within the approved budget these must be signed by the Executive Headteacher (Teaching Staff) and DOFO (Support Staff) with the exception of the CEO/Executive Headteacher position which also requires the Chair of Board of Trustees authority.

17.2 **PAYROLL - Authorised Signatories**

Payroll documentation for contract amendments, resignations and Salary Statements must be signed as follows:

Executive Headteacher appointments and amendments to be signed by the Chair of Board of Trustees

With the exception of payroll documentation relating to the CEO/Executive Headteacher, payroll documentation can be authorised by the Executive Headteacher or DOFO as long as the amendment is within the agreed budget.

17.3 **General**

All overtime worked must have prior authorisation by a member of the leadership team.

For the business, administration and caretaking staff, overtime must be authorised by the DOFO.

Overtime claims completed at the end of each month are paid with the following month's salary.

All payroll files are kept in the Finance Office. Access is restricted to the Board, Executive Headteacher, Business and Finance/HR/payroll staff. Payroll records are kept in a cabinet in the Finance Office. The school is registered under the Data Protection Act. Net payments to staff are made by direct debit using the Banks Automated Clearing System (BACS). All other payments to external agencies are made by direct debit. It is the responsibility of the DOFO to ensure that payments are made by the required statutory dates so that no unnecessary fines are incurred.

Staff requesting to change their bank account details are required to do so in writing. A member of the Business Team will follow up with the member of staff to confirm that this request is correct.

17.4 **SPECIAL PAYMENTS - STAFF SEVERANCE PAYMENTS, EX GRATIA AND COMPENSATION PAYMENTS (Reference to the current version of the Academy Trust Handbook)**

Special Staff Severance Payments

Special severance payments are paid to employees outside normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex gratia payments (Ref ATH)

When considering making a staff severance payment above the statutory or contractual entitlement, the issues referenced in the ATH must be met (Ref ATH).

Compensation Payments

Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc.

When the school is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. (Ref ATH)

ESFA prior approval must be obtained for the non-contractual/non statutory element of a staff severance payment or compensation payment of £50K OR MORE.

ESFA prior approval must be obtained to ex gratia payments of any value.

The Board of Trustees must not accept a settlement for a staff severance payment unless it satisfies the conditions of the ATH

17.6 **Recovery of overpayment of salary**

Please refer to the recovery of salary overpayments and correction of underpayments of salaries policy.

Academies Planning Calendar

Annual Financial Reporting Timetable Return Name	Content	Reason/Benefit	Due Date
Land and Buildings Collection Tool	Information about Land and Buildings	The DFE require information on Land and Buildings to enable them to complete an annual audit, the information will be collected on freehold, leasehold, right of use etc.	By 9 November
Financial Statements, auditor's management letter, accounts submission coversheet online form	Trustees report and annual accounts for the period ending 31 August	Statutory requirement under the Companies Act 2006 and Charity Commission's Statement of Recommended Practice	By 31 December
Academies Audited Accounts Return	Summary income and expenditure account and balance sheet information	Provide data in a consistent form to allow monitoring of financial health and benchmarking	By 25 January
Accounts Published on Trust Website	Audited Financial Statements and Accounts		By 31 January
School Resource Management Self – Assessment Tool			By 15 March
Accounts submitted to Companies House	Trusts must submit their audited financial statements to Companies House within 9 months of the end of the accounting period which is 31 May		By 31 May
Academies Budget Forecast Return 3 year outturn	Budget projections	Provide assurance to Trustees and ESFA that the School will be in good financial health for future years	By 26 July

School's Financial Calendar

Annual Financial Cycle Tasks	Term	Responsibility	Comments
AUTUMN TERM			
Review initial Year end out-turn.	T1	DOFO	Present information to Operations Committee
Check adequacy of Insurance arrangements	T1	DOFO	Present information to Operations Committee
Approve plans for CIF Submission	T1	DOFO	Present information to Operations Committee
Notify budget holders of agreed budget allocations	T1	Finance Administrator	September
Review Bank, Payroll Company and Credit Card Mandate	T1	DOFO	Review if current, report to Operations Committee
SPRING TERM			
Publish confirmed formula allocation	T3/4	ESFA	Usually published in February/March annually. Provide Income Headlines with comparisons to previous year to Operations Committee
Assemble provisional budget bids including staffing	T4/5	Executive Headteacher to review requests received with SIP plans Submit to DOFO for inclusion in Budget	Provide Trustees and management with information to ensure that the school can undertake plans whilst setting a balanced budget
Pension Audits – Teachers Pension and Local Government Pension Scheme	T4	DOFO	Check deadlines and complete returns. TPS requires audit – book in date.

Annual Financial Cycle Tasks	Term	Responsibility	Comments
SUMMER TERM			
Finalise staffing and other budgets, assemble final income and expenditure budget, capital expenditure budget, and supporting commentary	T5	DOFO	
Submit budget to Operations Committee for approval	T5/6	DOFO	
Approve budget	T6	DOFO	Operations Committee recommend to FGB for approval
Load and fix budgets (including allocations for specific funds) into Finance System	T6	Business Manager	Upload budget following approval by FGB in July by 31 st August.
Review Terms of Reference	T6	DOFO	Submit to Committee – ratification required from FGB
STANDING ITEMS			
Monitoring	Termly	Operations Committee	Review monitoring report Prior to Trustees meeting, discuss with Headteacher reasons for and any resulting measures regarding variation to budget
Analysis of current year financial performance and latest forecast	By last week of Term 1, 2, 3, 4, 5 and 6	DOFO	Provide assurance to Trustees that budget and spending is on track
Identify new issues arising in budget year	By last week of Term 1, 2, 3, 4, 5 and 6	DOFO	Provide assurance to Trustees that budget and spending is on track
Review Policies as per schedule	Seasonal Termly	DOFO	Present information to Operations Committee

Related financial documentation

ESFA Academy Trust Handbook

Business Ethics Policy

Charging and Remissions Policy

Debt Recovery Policy

Policy and Regulations for Lettings of Premises

Recovery of salary overpayments and correction of underpayments of salaries Policy

Bank Mandate

GLOSSARY

ATH	Academy Trust Handbook
BACS	Bank Automated Credits
DOFO	Director of Finance and Operations
BM	Business Manager
CFO	Chief Finance Officer (Post held by the Business Director)
DfE	Department for Education – this is also used in relation to the ESFA
ESFA	Education and Skills Funding Agency
HMRC	Her Majesties Revenue and Customs
HT	Headteacher
LA	Local Authority
NIC	National Insurance Contributions
PAYE	Pay As You Earn
SAGE	Financial operating system used by the school
SORP	Statement of Recommended Practice (Charities reporting)
VAT	Value Added Tax

Appendix A



Academic Year:

Month Ending:

	MC	SM
All supplier invoices have been posted		<input type="checkbox"/>
All supplier payments have been posted		<input type="checkbox"/>
Supplier invoices and payments are allocated on the purchase ledger		<input type="checkbox"/>
Run Aged Creditors Report to ensure there are no zero balances showing		<input type="checkbox"/>
Direct Debit/standing orders have been posted	<input type="checkbox"/>	
All credit card transaction invoices have been posted/Summary completed and balanced		<input type="checkbox"/>
All credit card transaction payments have been posted	<input type="checkbox"/>	
Credit card invoices and payments are allocated on the purchase ledger	<input type="checkbox"/>	
All sales invoices including lettings have been posted		<input type="checkbox"/>
Debtors have been chased for outstanding invoices		<input type="checkbox"/>
Invoices to the PTA are raised on a termly basis		<input type="checkbox"/>
All sales receipts have been posted	<input type="checkbox"/>	
Sales invoices and receipts are allocated on the purchase ledger	<input type="checkbox"/>	
Run Aged Debtors Report to ensure there are no zero balances showing		<input type="checkbox"/>
Expense claims from staff and payments to them have been posted		<input type="checkbox"/>
All banking has been paid in and posted (online and paying in slips)	<input type="checkbox"/>	<input type="checkbox"/>
All income has been posted	<input type="checkbox"/>	
Reconciliation report to be carried out from online payment provider	<input type="checkbox"/>	
Check open orders to see whether they are still valid and whether follow up is required		<input type="checkbox"/>
Budget checks to ensure that subject/class budgets are not in excess	<input type="checkbox"/>	<input type="checkbox"/>
Record Gift Aid Donations on Spreadsheet	<input type="checkbox"/>	<input type="checkbox"/>
Counterparty Spreadsheet completed		<input type="checkbox"/>
Consider any prepayments or accruals for the month		<input type="checkbox"/>
Check Suspense Account 9999 and Sales Tax Control 2200 – Investigate any balance and clear	<input type="checkbox"/>	<input type="checkbox"/>
Send any appropriate invoices for goods over capitalisation limit to HQ/AD as appropriate to add to Parago	<input type="checkbox"/>	<input type="checkbox"/>
Save a copy of any invoices coded to CAPITAL to the appropriate folder for YE audit		<input type="checkbox"/>
Check Free School Meals Entitlement		<input type="checkbox"/>
Check the Single Central Record and Inventory for new additions		
Check EPM for any P45s to be sent	<input type="checkbox"/>	
Run an audit log to ascertain which supplier's bank account details have been changed		<input type="checkbox"/>
New Nominal created and New Nominal Code Spreadsheet updated (Y or N)	<input type="checkbox"/>	<input type="checkbox"/>
Account for any accruals (expenses where the goods/services have been received but the invoice has not yet been received) – invoice value over £1000		
Account for any prepaid expenses (expenses where part of the invoice relates to the next financial year). providing annual over £1000		
Carry out Management Accounts Review	<input type="checkbox"/>	<input type="checkbox"/>
Run Monthly Breakdown Report to aid with accruals		
Run Reconciliation Report for Arbor to match back to bank statement	<input type="checkbox"/>	
Run Reconciliation Report for Sum Up to match back to bank statement	<input type="checkbox"/>	
Reconcile ALL bank accounts and credit card		
<ul style="list-style-type: none"> Ensure that any items which have cleared the bank but haven't been posted to the system are investigated and posted. Print a copy of the bank reconciliation, attaching a list of un-reconciled items which haven't yet cleared the bank and a copy of the bank statement agreeing the reconciled balance. 	<input type="checkbox"/>	
Complete Credit Card Transaction Log and Reconcile	<input type="checkbox"/>	

SM: Additional comments, details of any outstanding matters that require further investigation		
Signed		Date:
MC: Additional comments, details of any outstanding matters that require further investigation		
Signed		Date:
Check Safe		<input type="checkbox"/>
Payroll journal has been posted		<input type="checkbox"/>
Payroll cross charging posted		<input type="checkbox"/>
Reconcile closed educational visits		<input type="checkbox"/>
Run VAT Reconciliation and post liability to correct balance sheet code		<input type="checkbox"/>
Complete and send off VAT126 to HMRC		<input type="checkbox"/>
Print a copy of the trial balance		<input type="checkbox"/>
Print a copy of the aged debtor report. Carry out the following checks on the aged debtor report:		
<ul style="list-style-type: none"> • Ensure the total on the report agrees to the balance on the control account on the TB. • Review for credit balances. Investigate where necessary. • Carry out a 'sense check' on the customers/balances. • Consider the age of individual debts. Are older debts being chased sufficiently? Are the balances recoverable or should a provision be made against them? 		<input type="checkbox"/>
Print a copy of the aged credit report. Carry out the following checks on the aged credit report:		
<ul style="list-style-type: none"> • Ensure the total on the report agrees to the balance on the control account on the TB. • Review for debit balances. Investigate where necessary. • Carry out a 'sense check' on the suppliers/balances. • Consider the age of the liabilities. Are the suppliers being paid within the agreed terms. 		<input type="checkbox"/>
Ensure the balances on payroll related control accounts are as expected:		
<ul style="list-style-type: none"> • Payroll control - should be £nil as payment for net pay goes out of the bank on the last day of the month. Any balance should be investigated. • Pension control - pension should be nil equal EE and ER pension contributions for that month. • PAYE/NI Control - balance should equal PAYE/EE-NI/ER-NI and student load deductions for that month. These are paid out on the 19th of the following month, therefore they are liabilities at month end. • Reconcile the salary/NI nominal codes total to the payroll report 		<input type="checkbox"/>
Bank Reconciliations		
<ul style="list-style-type: none"> • Ensure the balance 'per cashbook' on all bank reconciliations agree to the relevant nominal code on the TB. • Consider whether excess funds should be transferred into a deposit account. 		<input type="checkbox"/>
Audit additional staff disclosures spreadsheet is completed		<input type="checkbox"/>
Audit payroll reconciliation is completed		<input type="checkbox"/>
Audit pension contribution summary is completed		<input type="checkbox"/>
Audit VAT control is completed		<input type="checkbox"/>
Account for any deferred income (income received/invoiced during the year which relates to next year)		<input type="checkbox"/>
Account for any accrued income (income which is due for the current month/year but hasn't been received/invoiced for yet).		<input type="checkbox"/>
Update Fixed Asset Register		<input type="checkbox"/>
CB: Additional comments, details of any outstanding matters that require further investigation		
Signed	Cheryl Boyle, Business Manager	Date:
Signed	A Bizley DoFO	Date:

Financial Roles and Responsibilities within the schools

The financial roles and responsibilities are clearly defined and adhered to, to ensure there is adequate segregation of duties. Non-compliance of responsibilities could leave the responsible person vulnerable to possible disciplinary actions.

Process	Various	Finance Administrator (FA)	Business Manager (BM)	Director of Finance and Operations (DOFO)	Executive Head Teacher (EHT)	Trustees
Orders	Raises order requisition form and authorises (Budget Holder)	Raises the order on Sage	Authorises order requisitions of up to the value of £1k	Authorises order requisitions of up to the value of £5k	Authorises the orders of up to the value of £60k	Authorises the orders over the value of £60k
Receipt of Goods	Updates inventory if appropriate FA Checks goods received against order, retains delivery notes (Budget holder)					
Processing of payments of invoices	Certifies the invoice for payment (Budget Holder)	Checks to order and processes invoice	Authorises invoice via Lloyds online (B signatory)	Authorises invoices via Lloyds online and submits for processing (A signatory)	Authorises invoices via Lloyds online and submits for processing (A signatory)	Authorises invoices for payment over the value of £60k
Credit Card	Raises requisition form and authorises	Orders using card Reconciles monthly credit card statements	Authorises and checks monthly statements			
Inventory	Updates inventory for additions deletions admin. Undertakes an annual inventory check admin			Ensures an annual review of the register. Following annual review signs the register		
Fixed Asset			Updates Fixed Asset register with additions deletions	Ensures an annual review of the Fixed Asset register.		

Process	Various	Finance Administrator (FA)	Business Manager (BM)	Director of Finance and Operations (DOFO)	Executive Head Teacher (EHT)	Trustees
Collection of income		Collects and records income received via the Trust's online payment system Where cash is received for charity donations etc., in presence of one other person for cash	Ensures that charity income has been stored securely and checks receipt book to ensure money banked			
Banking of income		Prepares any income received for banking promptly and intact.	Ensures income has been banked by reviewing the online payment methods			
Payroll	Responsible for completing the relevant payroll paperwork - Contractual (HR)	Responsible for completing the relevant payroll paperwork – overtime, travel expenses, casual claim forms	Completes monthly payroll reconciliations	Authorises payroll forms and monthly reconciliation	Responsible for the actual appointment of all teaching staff and BM/DOFO Authorises payroll amendment, starter, leaver form for Teaching Staff	Authorises payroll amendment, starter, leaver form for HT
Reimbursement request		Completes the reimbursement claim form and processes payment	Authorises/Certifies on Lloyds Online (B Signatory)	Authorises/Certifies on Lloyds Online (A Signatory)	Authorises/Certifies on Lloyds Online (A Signatory)	
Budget Setting			Preparation of budget Involvement throughout alongside DOFO	Preparation of budget Involvement throughout	Involvement throughout. MUST BE approved by EHT	May choose to be involved and MUST BE approved by Board of Trustees
Budget Monitoring			Monthly monitoring of staff budget. Month end reconciliation processed completed	Undertakes monitoring of the staff and budget on a termly basis	Monitoring of budget on a seasonal term basis	A realistic budget report presented at every Trustees Finance Committee Meeting

APPROVED BANK SIGNATORIES		Bank Mandate/Signatory	Value
Executive Headteacher	Lorraine Wright	A	N/A
Deputy Headteachers	Jo Sloper (EJS)	B	N/A
Director of Finance and Operations	Andrea Bizley	A	Credit Card limit Up to £3,000
Business Manager	Cheryl Boyle	B	Credit Card limit Up to £1,000 Single order/item of up to £500

APPENDIX 1

The Companies Act 2006 imposes certain general duties on a director of a UK limited company. Our guide provides directors with an overview of these fundamental duties.

What is my role as a director?

The board of directors are in charge of the management of the company's business; they make the strategic and operational decisions of the company and are responsible for ensuring that the company meets its statutory obligations. Your role as an individual director is to participate in board meetings to enable the board to reach these decisions and make sure that the company's obligations are fulfilled.

The directors are effectively the agents of the company, appointed to manage its day-to-day affairs. The basic rule is that the directors should act together as a board but typically the board may also delegate certain powers to individual directors or to a committee of the board.

What are my general duties under the Companies Act 2006?

As a director you must:

1. Act within powers

You must act in accordance with the company's constitution, and only exercise your powers for the purposes for which they were given.

The company's constitution includes its articles of association and resolutions and agreements of a constitutional nature (e.g. Funding Agreement).

2. Promote the success of the company

You must act in the way you consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

"Success" will generally mean a long-term increase in value but fundamentally it is up to each director to decide, in good faith, whether it is appropriate for the company to take a particular course of action.

When considering what is most likely to promote the success of the company, the legislation states that a director must have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

This list is not exhaustive but is designed to highlight areas of particular importance to responsible business behaviour. Other relevant factors should also be properly considered.

3. Exercise independent judgment

You must exercise independent judgment and make your own decisions.

This does not prevent you from acting in accordance with the company's constitution or an agreement which the company has entered into.

4. Exercise reasonable care, skill and diligence

You must exercise the same care, skill and diligence that would be exercised by a reasonably diligent person with:

- the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as you in relation to the company
- the general knowledge, skill and experience that you actually possess.

The expected standard is measured against both objective and subjective yardsticks. A director's actual understanding and abilities may not be enough if more could reasonably be expected of someone in his or her position.

5. Avoid conflicts of interest (a "conflict situation")

You must avoid a situation in which you have, or could have, an interest that conflicts, or may conflict, with the interests of the company. This applies in particular to the exploitation of any property, information or opportunity, regardless of whether the company could take advantage of it.

This duty is not infringed if:

- the situation you are in cannot reasonably be regarded as likely to give rise to a conflict of interest. On a proper analysis of the circumstances, consider whether there will actually be a conflict or potential for conflict with the interests of the company

- the situation has been pre-authorised. Authorisation may be given in the articles of association, by specific shareholder resolution or, in certain circumstances, by the other directors who do not share the same conflict.

There is no convenient set of rules to determine which situations will or will not give rise (or potentially give rise) to a conflict of interest. The following are examples of arrangements which may potentially give rise to a conflict situation:

- **Multiple directorships** – you are also on the board of a major shareholder, the pension scheme trustee company, a competitor or a customer or supplier of the company.
- **Personal interests** – you are a major shareholder, a competitor, a customer or supplier of the company or you own property adjacent to the company’s property which could be affected by the company’s activities.
- **Advisory positions** – you have another hat as an advisor (e.g. accountant or consultant) to the company or to a competitor of the company.
- **Other profits** – you make personal use of the company’s information or opportunities, want to take up an opportunity declined by the company or are in any situation where you can make a profit as a result of your directorship.
- **Connected persons** – if any of the above situations apply to a person connected with you, e.g. spouse, partner, parent, child or other close family member.

If you think you may be in a potential conflict situation you should:

Seek approval – potentially a conflict situation can be approved by the other members of the board. If the board does not have the power to authorise conflicts or is otherwise unable to approve the conflict situation it could refer the matter to the shareholders for approval.

Check the articles of association – the company’s articles might contain provisions relating to conflicts of interest, including:

- “Pre-authorised” common conflict situations – these might list a limited set of circumstances allowing you to put yourself in a situation which could otherwise give rise to a potential conflict of interest without obtaining specific approval. Typical examples include cross-directorships of group companies or positions relating to the company pension scheme.
- **Conduct provisions** – these might set out how you are expected to conduct yourself in relation to an authorised conflict and might also confirm that you will not be in breach of other duties to the company if you act accordingly. These typically deal with:
 - protecting the confidential information of the company and the third party
 - inclusion or exclusion from board meetings and receipt of board papers
 - any benefit received as a result of the authorised conflict.

Regulate your behaviour – even if a potential conflict situation has been authorised or is permitted by the articles of association you should still act appropriately, remembering your obligation to promote the success of the company. You must take care to act in accordance with the articles of association and any terms and conditions attached to the authorisation.

6. Not accept benefits from third parties

You must not accept a benefit from a third party given because you are a director or because you do (or do not do) anything as a director.

This duty is not infringed if your acceptance cannot reasonably be regarded as likely to give rise to a conflict of interest.

7. Declare interests in proposed or existing transactions or arrangements with the company

If you are in any way, directly or indirectly, interested in a transaction or arrangement with the company, you must declare the nature and extent of that interest to the other directors. In the case of a proposed transaction you must do this before it is entered into. In the case of an existing transaction you must do this as soon as reasonably practicable. This duty is not infringed if:

- your interest in the transaction cannot reasonably be regarded as likely to give rise to a conflict of interest
- an interest has not been declared because you are unaware that you have the interest or the other directors are already (or ought reasonably to be) aware of it.