



Education Learning Trust Multi Academy Trust

Financial Procedures Manual

Policy owner	Richard O'Connell, DFO
Last update	May 2021
Date updated	Nov 2022
Approved by Trust Board	30 Nov 2022
Next review	Sept 2023

Contents

1	PURPOSE OF THIS DOCUMENT.....	4
2	FINANCIAL MANAGEMENT STRUCTURE.....	4
2.1	Members	4
2.2	Board of Trustees	5
2.3	Audit and Risk Committee.....	5
2.4	Executive Leadership Team.....	5
2.5	Local Governing Body.....	6
2.6	Academy Headteachers.....	6
2.7	Academy Business Managers	6
2.8	Register of Pecuniary and Other Interests	7
3	FINANCIAL PLANNING – THREE YEAR BUDGET	7
4	FINANCIAL REPORTING.....	8
5	FINANCE SYSTEMS & PROCEDURES	9
5.1	Accounting system	9
5.2	Record keeping.....	9
5.3	System Access.....	9
6	Process and responsibility.....	10
6.1	Transaction Processing.....	10
7	PAYROLL SYSTEMS & PROCEDURES	11
7.1	Payroll Administration.....	11
7.2	Payroll Payments	11
7.3	Severance payments	12
8	ORDERING AND PURCHASING.....	13
8.1	Effective Procurement.....	13
8.2	Financial Scheme of Delegation	13
8.3	Routine Purchasing.....	13
8.4	Return of Damaged, Low Quality, Surplus Items	14
8.5	Purchase Invoice Processing.....	15
8.6	Paying Invoices	15
8.7	Direct Debit Payments.....	16
8.8	New Suppliers (system yet to be set up for ELT).....	16
8.9	Change to Supplier Details	16
8.10	Self-employed Contractors.....	16
8.11	Emergency Purchases.....	17
9	BANKING AND CASH MANAGEMENT	17
9.1	Account Principles	17

9.2	Investment policy	17
9.3	Single Bank Mandate.....	17
9.4	Credit Cards	18
9.5	Employee expenses.....	18
9.6	Petty Cash.....	18
9.7	Cash handling	18
9.8	Cash Collection Procedures (To be kept to a minimum).....	19
9.9	Bank Account Reconciliation	19
9.10	Control Account Reconciliation.....	19
9.11	Journal Authorisation	20
9.12	Payments.....	20
10	INCOME	20
10.1	Invoicing	21
10.2	Issuing Receipts	22
10.3	Credit control and Bad Debt Write-off.....	22
10.4	Optional extras and parental contributions.....	22
11	VAT	23
11.1	Types of VAT.....	23
11.2	VAT Reimbursements.....	23
12	SCHOOL MEALS	24
13	Capital assets and inventories.....	24
13.1	Disposing of Surplus Equipment/Stock	25
13.2	Loan of School Property	25
13.3	Capitalisation of Non-Current Assets	25
13.4	Assets Transferred from LA or other donating body.....	26
14	Reserves	26
15	ACADEMY CONTRIBUTIONS TO ELT MULTI ACADEMY TRUST	27
16	INSURANCE AND RISK MANAGEMENT.....	27
16.1	Risk Management.....	27
16.2	Internal Audit.....	28
16.3	Month end procedures and management accounts.....	28
17	External reporting.....	30
17.1	Year end reporting.....	30
18	Retention of documents, and GDPR.....	30
18.1	Other Policies to be read in conjunction with these Financial Procedures:	30
	Appendix A – Financial delegation limits.....	30

1 PURPOSE OF THIS DOCUMENT

The board of trustees (“the board”) of Education Learning Trust (“ELT/the trust”) recognise their responsibility to ensure the financial affairs of ELT are managed in a competent and professional manner, and are compliant with:

The Academies Trust Handbook (current edition)
The Accounts Direction (relevant edition for reporting year)
The Master (MFA) and Supplemental (SFA) Funding Agreements of the trust and its academies

This procedures manual outlines the overall responsibilities of the board to deliver value for money, financial control, propriety, regularity, accurate and complete financial reporting, as well as sound financial planning to demonstrate ongoing sustainability for the trust and its academies. The manual is applicable for all academies and ELT’s central function, and aims to clearly define and document effective financial controls and procedures for the ELT family of schools. It sets out the expectations for financial compliance.

The board must ensure that there are adequate internal controls in place. There are a number of controls that should be applied by the board. In practice, these will be delivered through clearly delegated levels of responsibility to:

- Members of the trust
- Trust Board
- Audit and Risk Committee
- Executive Leadership Team
- Local Governing Bodies
- Headteachers
- Academy Business Managers

The board will consider:

- Staff expertise
- Segregation of duties
- Documentation and audit trail
- Register of pecuniary and other interests
- Financial accounting systems and records.

2 FINANCIAL MANAGEMENT STRUCTURE

In order to meet the financial management and internal control objectives outlined above and its wider responsibilities to the Department for Education, ELT’s finances will be managed within the following organisational structure:

2.1 Members

Members define the object, purpose and ethos of the trust, can direct the board where required to ensure those elements are met, appoint members and trustees, dismiss members and trustees, amend the Articles of Association, and appoint external auditors.

2.2 Trust Board

The board has overall responsibility and is the ultimate decision-making authority for all the work of the trust, including establishing and running of schools and in particular each academy as a school. This is largely exercised through strategic planning and the setting of policy, holding the Executive Leadership Team to account, and the oversight of financial control. Trustees' main responsibilities include:

- Appointing the chief executive officer
- Approving a written scheme of delegation, and reviewing it annually
- Approving annual terms of reference for each sub-committee
- Ensuring that all DfE grants are used for the purposes intended
- Approving the annual budget
- Approving the audited financial statements
- Appointment of Headteachers and the Executive Leadership Team
- Establishment of an Audit and Risk Committee
- Authorising financial transactions above £100,000 (excluding salaries).

2.3 Audit and Risk Committee

The A&R Committee is a sub-committee of the board, with terms of reference agreed annually and approved by the board. The chair of the A&R Committee and the committee's other members will be trustees and will be appointed by the board. The chair of the board will not be a member of the A&R Committee. Its main responsibilities include:

- Exercising powers and duties delegated to it by the board
- Reviewing the annual budget and recommending it to the board
- Review the effectiveness of the systems of internal control
- Review the effectiveness of systems to assess and manage risk
- Recommend to the board a programme of internal audit
- Review the effectiveness of the external auditor.

A Remuneration committee, comprising of trustees, will be appointed by the chair annually, and is responsible for setting rates of pay for senior staff, approving performance related pay recommendations from the CEO, and approving annual inflation increases to staff pay.

2.4 Senior Leadership Team

The Senior Leadership Team is made up of the CEO, Director of Learning and Innovation and the Director of Finance and Operations (DFO). The academies' headteachers work under the direction of the chief executive officer (CEO). Other staff members may work with the Senior Leadership Team as determined by the CEO. The CEO is the accounting officer (AO) and is responsible to the Trust Board for ensuring regularity, propriety and compliance, and for the economic, efficient and effective use of resources (i.e. ensuring value for money), and administration of the financial affairs of the academies.

The CEO authorises financial transactions up to £100,000 and must approve all Headteacher/Central Staff salary amendments.

The CEO delegates responsibilities for day-to-day financial matters to the Headteachers and DFO including:

- Authorising financial transactions up to £50,000 (up to £10,000 for Primary Headteacher)
- Managing the operation of a suitable accounting system
- Establishing a regular framework of financial review at the individual academy level including regular meetings with academy finance and business managers
- Reporting ELT's financial position at a strategic and operational level.
- Establishing an effective system of internal control
- Ensuring the annual accounts are properly presented and supported by financial records
- Ensuring financial returns are sent to ESFA

2.5 Local Governing Body

A local governing body (LGB) or an interim governing body (IGB) will be appointed by the board at each academy and will have responsibilities assigned to it via the scheme of delegation which will include:

- Oversight of the day-to-day operation and performance of the academy
- Being responsible for the academic performance of the academy
- Ensuring the academy is conducted in accordance with its ethos and values
- Recommending the academy's annual 3 year budget to the board.
- Reviewing the academy's annual budget and performance against it
- Maintaining the academy's building and facilities
- Recommending an annual admissions policy to the board
- Appointing and managing all staff at the academy (except Headteacher)
- Reviewing and recommending to the board the academy's curriculum

2.6 Academy Headteachers

Each academy will have a headteacher, appointed by the board in consultation with the CEO and LGB. The LGB will delegate certain powers and functions to the headteacher including:

- The internal organisation, management and control of the academy
- The implementation of all policies at the academy and compliance with finance procedures
- The direction of teaching and learning at the academy
- Reviewing income and expenditure (I&E) reports and taking action to address variances
- The appointment, performance review, conduct and wellbeing of all academy employees
- Certifying payments and approving monthly payroll.

2.7 Academy Business Managers

Some academies may appoint a school business manager to assist the headteacher in the delegation of their duties. Key responsibilities will include:

- Preparing the draft and final three-year budget for approval by the headteacher prior to approval by the Trust Board
- Completing monthly reconciliation of payroll.
- Ensuring the academy's financial procedures are applied in full
- Submitting monthly returns to the DFO
- Submitting periodic reports to the headteacher and highlighting areas of significant variance for the budget

Full details of responsibilities and delegated powers are attached in the Scheme of Delegation – attached at appendix A.

2.8 Register of Pecuniary and Other 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 trustees, local governing body members, the Executive Leadership Team, headteachers, and all academy staff with significant financial or spending powers (budget allocations above £2,000) are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection and trustees' interests must be displayed on the board's website.

The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of pecuniary and other interests does not, of course, detract from the duties of board members, local governing body members, and staff to declare interests whenever they are relevant to matters being discussed by the board or local Governing Body or any duly established committee. Where an interest has been declared, those involved should not attend that part of any committee or other meeting.

The register of declarations will be held at each academy and it is the board and each LGB's responsibility to keep these declarations up to date and a full review must be completed annually.

3 FINANCIAL PLANNING – THREE YEAR BUDGET

The trust and each academy must have a three-year budget and must report to the LGB and board on its performance against that budget.

Each academy must:

- Produce and maintain a 3-year budget plan detailing estimates of planned income and expenditure, where planned expenditure does not exceed budgeted income in any one year
- Agree the budget and 3-year plan with its headteacher and LGB and submit this to the DFO for consolidation into the trust budget before 30 June or within DFE guidelines
- Make any adjustments to the budget as determined to be necessary by the DFO, CEO, or Trust Board.
- Keep the DFO informed of any known changes to an academy's operations or cost base that could significantly and adversely affect the in-year budget or three-year plan.
- Constantly review its financial performance against the in-year budget and constantly review its three-year plan
- Formally review its budget and three-year plan termly, making recommendations to revise the budget if necessary, and implementing such changes only if approved by the board of trustees.

- Ensure the latest budget is loaded onto the accounts system and used for all financial transactions and reporting.

Annual Budget Cycle

Once the Trust level budget is approved by the Trust Board, the DFO will formally communicate the budgets to Headteachers via email.

Budget holders should not assume that draft budgets are the final version agreed by the Trust Board and only when the formal email from the DFO is received should Headteachers enter into any financial commitments.

The Trust Board will approve budgets by July each year, so approved budgets will be communicated to Headteachers by 31 July each year.

At school level, departmental or individual cost centres budget allocations are communicated to budget holders as required. Any potential overspends against individual cost centre budget allocations must in the first instance be discussed with the SBM (if it can be covered by the school budget) or with the DFO if it would result in an overspend of the school's approved budget. Any virements between cost centres require authorisation by the HoS. Any virements between school's need to be approved in line with finance scheme of delegation.

The multi academy trust must:

- Agree a consolidated annual budget for the next academic year, and consolidated three-year plan projection, before mid-July each year and within deadlines as determined by the ESFA's annual academies planning calendar.
- Approve this budget at the last board meeting of the academic year
- Review the budget and three-year plan at each Trust Board Committee and agree any changes

4 FINANCIAL REPORTING

Each academy and the trust must continuously monitor its income, expenditure, financial position and cash flow, by regular review of accurate financial data produced, at least monthly and reported as follows

At school level:

- At least monthly reconciliation of the bank, completed by a member of the finance team and checked by the finance manager or one other competent individual, all records to be retained.
- Minimum of Bi-monthly report by cost centre detail, showing budget/actual/committed and remaining values, to budget holders (who may ask for similar reports at any time and/or review their own budget areas using the online finance system, if available).

- Good practice to issue a monthly report by cost centre summary to the headteacher of all income and expenditure within the month and year to date, with all significant variances to the budget investigated to establish the cause and determine, if required, a course of corrective action.
- Monthly report to include a predicted end-of-year position from Period 8 (April) onwards.

At trust level:

- Monthly report from the DFO to the chair of the board/chair of finance, of trust income, expenditure, and balance sheet position, including cash flow
- At least twice termly finance report from the DFO to the Trust board, giving a full review of the financial position of the trust and noting all relevant issues relating to financial performance, propriety, regulation and compliance. This report to be reviewed formally by the Trust Board six times a year and minuted accordingly.

At external level

- All financial information to be reported to ESFA/DfE in compliance with the academies financial planning calendar, academies trust handbook, academies accounts direction, and as requested from time-to-time by ESFA/DfE/Companies House.

5 FINANCE SYSTEMS & PROCEDURES

5.1 Accounting system

All financial transactions of ELT trust and its academies must be recorded on the PS Financials accounting system.

5.2 Record keeping

All financial transactions of the Trust are recorded including, but not limited to, the following:

purchases and tenders
 returns
 payroll
 cash flow
 income and expenditures
 VAT returns

5.3 System Access

Only Authorised users have access to the PSF accounting system at each academy and entry to the system is password restricted. Access to the component parts and configuration structures (e.g. chart of accounts) of the core system is further restricted and the DFO is responsible for setting access levels for all members of staff using the system. Ledger codes (used as the principal structure for the trust's budget, transaction and reporting formats) can only be added or amended by the DFO. Cost centres can be added as required at each site, with best practice being to limit the number of active cost centres.

Back-up procedures

It is the responsibility of the finance team to maintain adequate backup and disaster recovery procedures. These responsibilities include:

- Develop, maintain and periodically test disaster recovery plans to ensure that they are adequate and fit for purpose
- ensure that all financial data managed on behalf of the Trust is adequately protected to enable efficient and effective recovery
- ensure financial data is backed-up on to appropriate media at regular intervals and media is securely stored off-site
- ensure test restores of data are carried out at regular intervals

6 Academy and Central Accounting Key Processes and Responsibilities

6.1 Process and responsibility

1. Processes completed by ELT central services
 - Monthly GAG income transferred to academies
 - All other academies' DfE income (passed on in full)
 - Bank Reconciliations
 - Trust VAT returns, receipt of VAT paid and distribution back to academies
 - Monthly payroll charges and recharges to academies
 - Statutory deductions and payments to registered bodies (TPS, LGPS, HMRC, others)
 - BACS runs and direct debits
2. Processes completed by individual academies
 - All academies' sales ledger and non-DfE income
 - Purchase orders, goods received, purchase invoices
 - Create request for new suppliers (to be actioned by Central team)
 - BACS runs, direct debits (to be reviewed in Nov 2022)
 - Payroll exceptions reports and payroll run authorisation
 - Charge ('credit') card payments and reconciliation
 - Petty cash issue, reimbursement, reconciliation

6.2 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this procedures manual. The underlying principle is to segregate duties wherever practical and have all process transactions checked by a second member of finance or senior staff, to confirm the details and verify the transaction is authentic and correct, and authorised for processing. The procedures for the operation of payroll, purchase ledger, sales ledger, cash book, and control ledgers, are outlined in the following sections of this manual.

It is good practice that after all checks and authorisation of documents have been finalised the relevant documentation is scanned and attached to the appropriate record on the PSF accounting system. This will provide an audit trail and easy access to view documents.

7 PAYROLL SYSTEMS & PROCEDURES

7.1 Payroll Administration

All ELT employees are paid on the 15th of each month. The trust's payroll is administered by Stockport MBC. The payroll agent will act as ELT's agents with HMRC and will make payments for all statutory deductions to the appropriate bodies including Teacher's Pension Scheme (TPS) and Greater Manchester Pension Fund (GMPF). Each year the payroll company will issue a timetable for payroll processing.

All staff are paid monthly by BACS administered by Stockport MBC, and employees and access payslips on or before 15th. The Stockport MBC will hold a file for each employee which holds authorised records of:

- Contract of employment and any subsequent changes
- Salary
- Bank account details
- Taxation status
- Pension status
- Personal details
- Any deductions or allowances payable.

Amendments to this file will be handled through each academy. Changes to contract must be authorised by the headteacher. Temporary amendments to pay (including monthly adjustments such as overtime claims, travel expenses) must be signed by the claimant and authorised by a senior manager with that responsibility delegated to him/her by the headteacher.

Deductions are notified by each academy, according to local leave arrangements. Access to payroll data is limited to the HR function, senior staff, and finance staff involved in payroll processing. All payroll data is encrypted when sent electronically.

7.2 Payroll Payments

All new starter, leaver, changes to contract forms and payroll claims need to be with Stockport MBC no later than the first day of the month that the payroll is being run.

Draft payroll reports detailing monthly salary, any amendments/deductions, are produced on or before the 6th of the month and sent to each academy's finance or business manager.

The central team management accountant performs a reconciliation by means of an exceptions report that compares actual pay to contractual entitlement (plus or minus any amendments) and uses a tolerance of 0.5% to identify any exceptions. It is the responsibility of the finance/business manager to resolve all exceptions by querying with Stockport MBC, until all data in the payroll report is complete and accurate within the tolerance applied. Managers also confirm there are no ghost employees receiving payment.

On or before the payroll run deadline (usually 11th of the month) the headteacher must approve the finished and correct exceptions report of their academy, and payroll is authorised via an email from the finance/business/payroll manager to Stockport MBC.

Stockport MBC's payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The bureau has been authorised by the board to make these payments on the due date by BACS. Payroll data is backed up at the payroll company daily.

During the budgeting process each year, the academy SLT (supported by the central finance team or School Business Manager) will review staffing requirements for the following academic year and propose any changes. These proposals will be reviewed and approved by the Trust Board.

7.3 Severance payments

Staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments.

If the ELT is considering a staff severance payment above statutory or contractual entitlements, it must consider the following issues before making a binding commitment:

- that the proposed payment is in the trust's interests
- whether the payment is justified, based on legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered
- if the settlement is justified, the trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

ELT may make individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA's prior approval must be obtained before making any binding offer to staff. The ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered.

ELT should demonstrate value for money by applying the same scrutiny to a payment under £50,000 as those over £50,000 and have a justified business case.

ELT must ensure confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

8 ORDERING AND PURCHASING

8.1 Effective Procurement

The Trust wants to achieve the best value for money from all our purchases to ensure all needs are met in terms of 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 propriety, accountability and fairness. The trust will:

- Establish delegated limits of expenditure for staff who are delegated budget holders
- Maintain a list of established major and regular suppliers
- Have and apply a policy that sets thresholds for competitive quotes and tendering
- Apply the principles of Value For Money
- Ensure all staff are aware of and comply with the purchasing procedures
- Have budget holders acknowledge their financial responsibility on an annual basis

For more detailed information on procurement please see the **Trust Procurement Policy**.

8.2 Financial Scheme of Delegation

The Trust's scheme of delegation runs in conjunction with this document, and outlines the Financial Authorisation Levels of officers at all levels of the trust – **see Appendix A**.

It is the budget holder's responsibility to ensure that they have sufficient budget available before placing an order or making a commitment to a supplier for an order.

Failure to do so could result in disciplinary action against the member of staff entering into the financial commitment.

If the budget holder is unsure if they have sufficient budget, they should discuss this with the central Finance team by contacting the management accountant or DFO.

8.3 Routine Purchasing

Budget holders will be informed of the budget available to them and it is their responsibility to manage the budget and ensure that the funds available are not overspent. A report detailing actual and committed expenditure against budget will be regularly supplied to each budget holder. Budget holders may order goods and services up to £3,000 from any recognised legitimate source provided it is within their delegated budget limit.

Procedures for Ordering Goods and Services

1. Staff to complete a requisition sheet or email, including supplier's name, and description of product, cost and number of items required. Proprietary items – finance department may be charged with finding best source/price.
2. **Delegated budget holder must approve and sign the requisition form and there must be sufficient funds in the relevant budget to cover the cost of the proposed purchase.**
3. The academy will only order items for school use; all items officially ordered belong to the academy.

4. Approved requisitions to be passed to the finance department for processing.
5. The finance department will check prices, terms and conditions and delivery date. It is the duty of the finance department to ensure that best prices are obtained for proprietary items.
6. The finance department will commit the order to the finance system and produce a printed order, with an official order number.
7. Each order will be authorised by a senior member of the finance or academy staff.
8. The requisition form/email will be returned to staff or a copy of the order, indicating the date the order was sent and its official order number.
9. Other than for goods and services which cannot be realistically planned and ordered (eg. utilities, supply) or in exceptional circumstances, staff cannot order or purchase items without an official order number or requisition for credit card purchases.
10. Under no circumstances at all can staff procure goods via the academies' purchasing systems for their own personal use.

Receipt of Goods

1. Delivery notes for items accepted at reception must be signed for by a member of the office team. Please annotate whether the items were checked, not checked, parcel damaged etc. For schools which have separate delivery entrances, the delivery note must be signed for by the Caretaker/member of site staff.
2. The delivery note and goods must be kept secure and passed to the department who ordered the goods.
3. Deliveries must be checked promptly by the relevant person and the delivery note annotated regarding quantity and quality of goods. The person checking the delivery must be meticulous.
4. Any discrepancies, damaged items or incorrect items must be notified to the finance department immediately.
5. The authorised budget holder or designated person should tick off and sign the delivery note as complete.
6. Payment should never be made on a delivery note.

Receipt of Services

7. Service notes should be signed by an authorised person who can be an appropriate staff member who can confirm that the service has been delivered.
8. Services must be checked promptly by the relevant person and the service note annotated regarding quantity and quality of service. The person checking the service must be meticulous.
9. Budget holder to authorise the service note and sign off as complete.

8.4 Return of Damaged, Low Quality, Surplus Items

1. Deliveries must be checked promptly to identify the quantity and quality of the items.
2. Any discrepancies must be brought to the attention of the finance department immediately.
3. The finance team will contact the supplier and arrange for the items to be collected/swapped.
4. Items to be returned must be safely parcelled and clearly marked, including the 'returns number' if one has been issued by the supplier.

5. On collection of the items, the person dealing with the transaction will sign and retain a copy of the returned goods note from the carrier.
6. The copy of the returned goods note to be passed to the finance department promptly.
7. The finance department will be aware of credit notes due as a result of returned goods and discrepancies.

8.5 Purchase Invoice Processing

1. Purchase invoices must be matched against a delivery note. In the absence of a delivery note, the budget holder must sign the invoice off as complete.
2. Invoices must relate to official orders. If this is not the case, they should not be paid unless dispensation has been made to the staff who ordered the items (refer to 8.3 Ordering Procedures, item 9)
3. Details of invoice must be checked against order commitment
4. Invoices must be checked for accuracy
5. Segregation of duties must be maintained
6. All checked and accurate invoices to be entered promptly on to the PS Financials accounting system.
7. Suppliers' statements should be regularly reconciled to outstanding invoices
8. VAT regulations must be complied with (where applicable)
9. Academies must be aware of the Construction Industry Tax Deduction Scheme
10. Credit notes should be processed in a similar manner to invoices, and their value being set off against an invoice before payment to the supplier. Or, debtors can be asked for a cash payment.

8.6 Paying Invoices

Provided all the above checks are correct and maintaining a segregation of duties:

1. Pay authorised invoices within the terms and conditions of supply, normally 30 days from date of invoice.
2. Run BACS payment and produce a matching payment batch report.
3. Authorised person to certify the payment batch report and check supporting documentation and query items as they see fit. The authorised person will usually be the Headteacher or senior member of staff.
4. Two bank authorisers to approve each BACS run (one can be the same person as in 3 above). Authorisers must check that payment totals and the payment report are the same value.
5. The preparer of the BACS run, must not also be a certifier of the payment run, or an approver of the BACS run.
6. File invoices and payment details in numerical and chronological sequence for quick reference and audit trail.
7. All documentation to be scanned onto the PS Financials accounting system and attached to the accounting entry.
8. If a BACS payment cannot be made and a cheque payment is required (very rarely). The above BACS authorisation steps would need to be followed in the same way for cheques.

8.7 Direct Debit Payments

Suppliers that are paid by direct debit will be entered on the finance system as a Direct Debit expense against the relevant account code, entered by one member of the finance team, checked by another member of the finance or senior management team. Supporting documentation of the cost and any VAT detail must be retained, including each direct debit set up for recurring payments, listing payment details, dates, length to run, etc. Direct debit payments must be reconciled regularly and no less often than monthly. Primary schools need to make arrangements with the central finance team, in relation to the process for entering this information onto the central bank account.

8.8 New Suppliers

New suppliers shall only be used on completion of a **New supplier/change to supplier details form**, this gives the academy reasonable assurance that the supplier is financially and ethically sound and can be expected to provide the goods at the price quoted in the time allowed.

New Supplier forms must be authorised by the senior finance officer or a delegated senior member of the academy's management team. New suppliers can only be set up on PS Financials by the Central Team.

For new suppliers where goods will be ordered to a value above £2,000, the supplier's details will be verified by a third level of contact and credit checks may be requested. This verification needs to be recorded on the new supplier form.

8.9 Change to Supplier Details

When a current and approved supplier changes any material details, for example: address/payee/bank account, the change must be requested in writing by the supplier and verified (using a different method from the original source) by the finance/business manager. This then needs recorded on the **New supplier/change to supplier details form**.

A screen shot of the new details or other evidence should be retained, signed and dated by one member of the finance team and verified by another, along with the supporting documentation that notified the school of the change.

Any changes which in the opinion of the finance team are open to question, must be cross referenced with the supplier concerned to ascertain their accuracy and legality.

8.10 Self-employed Contractors

When engaging a contractor, particularly from a small or a sole trader business, their employment status should first be established. If the individual is offered terms, e.g. an hourly rate of pay and/or equipment and materials are provided by the trust, this can be regarded as an 'employment' and payment should be made via the payroll, with the appropriate payroll deductions being made.

To find out if someone is employed or self-employed, look at the Inland Revenue's website: www.hrmc.gov.uk/employment-status. If in doubt, academies should seek advice from the Inland Revenue. Evidence of this check on a supplier must be retained.

If the contract is for self-employment, Academies should consider whether the work falls within the construction Industry Scheme (CIS). Further information on this scheme is available if required from the DFO.

8.11 Emergency Purchases

In some cases, emergency purchase need to be made. Wherever possible the purchasing procedures in this manual should be adopted, however as a minimum there needs to be at least 2 people involved in the authorisation process and financial authorisation limits need to be maintained, even if this is an emailed approval of the spend.

9 BANKING AND CASH MANAGEMENT

9.1 Account Principles

ELT use Lloyds bank current and deposit accounts. The opening of any new bank accounts must be authorised by the Trust Board.

9.2 Investment policy

The ELT does not make investments, except for the use of 32 day deposit accounts, which are held with Lloyds.

Education Learning Trust has a bank account architecture known as the Single Mandate MAT Structure, introduced specifically by Lloyds bank for the multi academy trust market. The principles of this structure are:

- Each Secondary School has its own bank account which operates autonomously for receipts and payments
- The central trust has an overview of all the academies' accounts and activities
- The central trust can view and report on the trust's consolidated bank funds
- There is one mandate and the trust retains control and limits new liabilities and exposure to risk and fraud

9.3 Single Bank Mandate

The mandate is in the name of the entity recognised at Companies House –Education Learning Trust.

Signatories to the mandate are the:

- CEO
- DFO
- Director of Learning and Innovation
- Chair of Trustees
- the Vice Chair of Trustees

Any changes to the mandate must be authorised by two out of five signatories.

The trust and its academies are intended to operate without the need to issue cheques. If cheques are required, these must be signed by two out of five signatories.

9.4 Credit Cards

The use of charge cards is subject to the same authorisation requirements for purchase orders noted above. Charge cards are available for use where payment is required in advance, and are issued to each HoS (primary schools), and to the HoS, SBM and other key members of staff as required (secondary schools). Limits are set for each card and for ELT as a whole, and the DfO is the primary administrator for the cards across the trust.

Within schools the limit for a single credit card transaction is £1,000 unless approved by the DFO or CEO for amounts in excess of this figure.

Cash withdrawals are permitted by exception and to replenish petty cash only (primary schools) with the approval of the DfO.

For all other purchases, receipts or invoices (Amazon) must be available to support the spend and must be provided to the Management accountant (primary schools) or SBM (secondary schools) for reconciliation and posting of the monthly statement. Card holders are responsible for ensuring that the cards are kept securely and that the PIN is not disclosed to other persons. Any card losses must be reported immediately to the DfO.

9.5 Employee expenses

In exceptional circumstances, expenditure may have to be incurred and reclaimed back by the employee rather than being invoiced by suppliers. Such expenditure should be minimised wherever possible, and approved by the line manager of the individual concerned in advance of expenditure being incurred. Expense claims made by the CEO must be approved by the Chair of the Board.

9.6 Petty Cash

Petty cash is not used within the secondary schools.

Within the primary schools, the use of petty cash is kept to a minimum and any items of spend must be evidenced with completed petty cash vouchers and receipts, which must be signed off by the Head of School. Issue of petty cash is limited to £50 and the petty cash float supplemented by cash withdrawals on the Head of School charge cards, approved in advance by the DFO. The petty cash is counted and reconciled on a termly basis by the Management Accountant, and reviewed by the DFO. A float amount of £500 is the maximum that should be kept in the safe.

9.7 Cash handling

The use of cash in Education Learning Trust and its academies should be minimised wherever possible. Cash is a risk to pupils and staff alike. Cash handled by non-finance staff must be kept secure and passed to the finance office as soon as possible.

- Cash must be banked intact; money received in the school cannot be used to cash a personal cheque
- The member of staff responsible for the trip/event must ensure that the amount collected is the amount banked, and totals agreed with the finance department at the end of the collection period.
- All cash received must be recorded on the software as income

- The insured limit for cash retained on trust sites is:

Locked in a safe	£5,000
In transit in the custody of an employee	£5,000
In any other locked receptacle	£500

9.8 Cash Collection Procedures (To be kept to a minimum)

1. Parents should send cash sealed in a labelled envelope if possible.
2. Students must hand cash in first thing in the morning or as soon as possible to designated staff, who must:
 - a. Not open any sealed envelopes
 - b. Put the envelopes directly into a suitable receptacle.
 - c. Ensure that the receptacle is taken to the finance office promptly
3. All the receptacles must be stored securely in the finance office until the cash is counted.
4. Count cash as soon as possible after it has been received. Ideally there should be 2 persons present to ensure probity.
5. Check cash against information received on the receptacles/envelopes/organising staff member.
6. Enter the amount in the ledger or on the software. Receipts only issued upon request.
7. Cash the money up and prepare a bank paying-in slip. Lock in the safe until banked
8. Take cash to the bank periodically to ensure insurance limits aren't exceeded.

9.9 Bank Account Reconciliation

- Monthly reconciliation of all bank accounts, and credit card statements and petty cash transactions.
- Include in the reconciliation all bank charges, interest and direct debit payments, ensuring they are entered on the financial software
- Reconciliations to be carried out by a designated member of the finance team.
- Reconciliations to be reviewed and authorised by a senior member of the finance team or designated senior school manager.
- Adjustments must be dealt with promptly, with a clear audit trail.
- Maintain all records in numerical sequence and chronological order for easy reference and audit requirements.

9.10 Control Account Reconciliation

- The Finance Manager and management accountant are responsible for ensuring all account reconciliations are performed each month and that any reconciling or balancing amounts are cleared including but not limited to:
 - sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT accounts

- all other suspense accounts
- Control Accounts should be reconciled monthly by a member of the central team and authorised by a senior finance manager or designated senior school manager.
- All discrepancies must be investigated immediately and supporting information to evidence each reconciliation should be retained.

9.11 Journal Authorisation

- All journals entered on the accounts system shall be prepared and entered by one member of the finance team and checked and verified by another member of the finance team.

9.12 Payments

Any supporting information and documentation will be retained with either a printed version of the journal entry or a recorded journal number and kept in numerical and chronological order for easy reference and audit purposes.

All payments are made by BACs or direct debit, other than as noted under petty cash. Cheque payments are not normally made.

The approval of BACS is dual authorisation, at least two approvers are needed, which should include either the CEO, Director of Learning and Innovation, DFO, Finance Manager and one other approver. At least one approver should not be involved in the input of invoices to the PSF so there is segregation of duties.

Whilst invoices may be entered by schools in some circumstances (to be reviewed), all payment runs are authorised centrally by the Finance team.

Changes to supplier bank details will be identified using the audit report from the PSF system and verified via a phone call made by the Management Accountant prior to the payment run.

The audit report showing any beneficiary changes from the bank will also be downloaded and scrutinised by the Finance Manager prior to the weekly payment run.

Cashflow forecasting

The management accounts include a 12 monthly cashflow forecast to ensure that sufficient cash balances are maintained for all the schools in the Trust.

10 INCOME

It is the responsibility of the trust's DFO to collect all grant income owed to the trust and its academies by ESFA/DfE or other central government grant-holding bodies promptly, and to ensure this is transferred to each academy promptly. In the case of payments received into the central account, the DFO must ensure payments received, and payments passed on are accurate to the agreed published funding letters.

It is the responsibility of each academy's headteacher to collect any other income owed to them promptly and to pay such income into the academy's bank account on a regular basis. All income

should be recognised as income on the accounts system and assigned to an income code. The main non-ESFA income will be High Needs funding and Early Years funding from the Local Authority.

Invoices are raised by the Management Accountant (primary schools) or School Business Manager (secondary schools) for the following:

- LACSEG invoices to Local Authorities
- Lunchtime provision for nursery school children
- Use of the school facilities by external organisations
- Provision of teaching services or expertise to external organisations
- ASPE
- Lettings
- Educational visits
- Sales of resources to students
- Sale of assets
- Income from universities and other establishments
- Other facilities and services
- Staff absence insurance
- Catering Income
- Nursery Income

Output VAT is not levied on any invoices raised.

Any Payments received into the school via parent pay software (or similar) needs to be reconciled on a weekly basis and recorded on the schools accounting system, including transaction charges.

Cash income is accepted in exceptional circumstances where alternative systems such as ParentMail or ParentPay are not available, and is banked by the Finance Officer (secondary schools) or Management Accountant (primary schools) within 1 week of being received.

10.1 Invoicing

A sales invoice must be raised for any known non-grant income due for chargeable services. Invoices will not be raised for: ESFA/DfE/LA grant; cash collections relating to educational visits or other noneducational activities; sale of revision books, uniform and apparatus to pupils; staff absence insurance claims; other insurance claims; dinner money; miscellaneous income.

The Trust approves a 'charging and remissions' policy annually, detailing what can and cannot be charged to pupils and parents. The trust and its academies must not generate income from non-business activities paid for by funding received for educational purposes. Schools who hire out their facilities should determine annually the rates to be charged for this letting and have an appropriate lettings policy. Any chargeable activities and services provided by the trust and its academies should be:

- Self-financing in that the provision of services does not draw upon school resources at the expense of education
- Fit within reasonably well-researched market prices
- Make a contribution to fixed costs

Invoices must show:

- An identifying number and date
- Date supplied
- Academy's name, address and payee details
- The customer's name and address
- The type of supply, i.e. sale, rental, lettings, etc.
- Description to identify goods or services supplied
- Quantity and amount payable for each description
- Total amount payable
- Rate of any cash discount offered
- Payment terms and due date for payment.

10.2 Issuing Receipts

A receipt should be printed on request for all income received. □

Receipts should satisfy the following criteria:

- a duplicate copy is retained by the academy/trust
- the name of the academy/trust is clearly shown
- receipts are sequentially numbered

10.3 Credit control and Bad Debt Write-off

- All monies due to the trust and its academies should be collected in full at all times
- A monthly reconciliation of the Debtor Control Account should be performed by a member of the finance department and reviewed by a senior manager
- Standard terms of supply on invoices raised shall be 30 days from the date of invoice.
- Undisputed debts over 30 days old will be chased by telephone or email.
- Undisputed debts over 60 days old will be chased by letter with settlement requested within a further 30 days.
- Bad debts can be written off only when there is no economic and reasonable means of recovering the loss, and only with the following permissions:
 - Up to £1,000 at any academy and authorised by the headteacher
 - Up to £10,000 at the trust and authorised by the CEO and CFO
 - See Appendix A for further permissions above this limit

10.4 Optional extras and parental contributions

The school will apply the charging and remissions policy in respect of the following items:

- materials, books, instruments or equipment, where the child's parent desire them to own
- music and vocational tuition
- use of community facilities
- education provided outside of school time that is not:

- part of the national curriculum
- part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school; or
- religious education
- examination entry fee(s) where the pupil has not been prepared for the examination(s) at the school
- transport that is not required to take the pupil to school or to other premises where the governing board have arranged for the pupil to be provided with education
- board and lodging for a pupil on a residential visit
- Out of School Provision services offered to pupils (also known as extended day services) e.g. after school clubs and breakfast club)

Schools may ask for voluntary contributions to support activities.

The income collection systems in operation in ELT are ParentMail and ParentPay. Payments by cash or cheque are kept to a minimum. The administration of the income collection systems, including the setting up of new users and bank account details, is the responsibility of the DFO (primary schools) or SBM (secondary schools).

11 VAT

11.1 Types of VAT

ELT is not currently registered for VAT as its VATable supplies fall below the registration threshold.

11.2 VAT Reimbursements

The trust is not registered for VAT and must not apply VAT to any of its sales invoices. VAT paid by the trust and its academies can only be reclaimed by the trust in a consolidated claim that should be made periodically, such that the academies' cash flows are not hindered by a disproportionately large VAT debtor on their balance sheet.

The periodic VAT reclaim process is:

- Academies ensure all VAT paid to suppliers is recorded correctly on the finance system
- After a month end is reconciled, a VAT126 report is run off the system by the management account in the central finance team to record all VAT paid by the academy in the period of that claim
- VAT registration numbers are recorded for all entries and the purchase ledger and cashbook ledger are combined into one report that reconciles with the VAT126 report total and the trial balance VAT debtor
- The VAT 126 report needs to be checked against the Access VAT report for the same period and any discrepancies corrected to ensure that the claim agrees with the VAT control account.
- The final VAT126 report from each academy is checked for accuracy by the DFO for the trust

- A consolidated VAT126 claim is compiled by the management accountant, checked for accuracy, and submitted using HMRC's online portal.
- The VAT reimbursement is received normally within two months of submission and checked against the claim by the trust finance team
- The management accountant transfers each academies' proportion of the claim to the academies' bank accounts and forwards supporting documentation to the schools.

VAT Regulations are subject to frequent change, if unsure of the VAT position contact HMRC www.hmrc.gov.uk/vat.

12 SCHOOL MEALS

The administration of the free school meals system at each academy involves:

- Maintaining an accurate and up to date list of pupils who are eligible for free school meals on the school information management system, via the local authorities' schools information service
- Having a school meals administration system capable of identifying who has a free meal and the value of that meal
- If catering is provided by a contractor - the academy being charged a value for free school meals provided periodically that can be reconciled with its own administration system
- Where schools manage their own school meal service, they need to ensure that income is collected and recorded weekly on the PSF accounting system and any non payment chased immediately.
- Any payments received through parentpay, etc need to be reconciled on a weekly basis to ensure a clear audit trail on all transactions.

13 Capital assets and inventories

Capital projects and expenditure is approved annually by the Board from the School Condition Allowance, other funding and other reserves as agreed by the Trust Board.

Budget holders should only proceed with a capital project once confirmation has been given in writing by the DFO that the budget has been approved by the Trust Board for the project.

Capital projects will be allocated a CAPEX cost centre code on PSF Financials by the central finance team so that all project costs are accounted against the authorised budget.

Inventories should be maintained at each academy, detailing significant items held and recording any items disposed of. Significant items are any of a value and type that, should they go missing or be destroyed, would have to be replaced at significant cost. For the avoidance of doubt, significant items will not have a purchase value less than £1,000.

The purpose of inventories is to:

- Enable identification and establish ownership of equipment
- Identify missing items following burglary or other theft
- Support a claim when items are destroyed by fire

Inventories should be held by departments and updated annually. Copies should be held by a school administrator and kept in a safe, fire-proof place.

Capitalised Assets (Fixed Asset Register)

- Single items of equipment or collections of similar items bought at the same time and for the same purpose with a purchase price over £1,000 (excluding VAT) must be capitalised (if of a capital nature). Invoices for these purchases need to be retained in a Fixed assets file for Audit Purposes.

13.1 Disposing of Surplus Equipment/Stock

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher in individual academies. Any items with a disposal purchase value of £1,000 or over must be notified to the trust's DFO.

Disposal forms must be completed by the schools for any items disposed of which are included on the Fixed asset register and copies sent to the DFO for removal from the fixed asset register.

Assets may be written off or disposed of up to the following limits in accordance with the ATH:

- 1% of total annual school income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any financial year per category of transaction

The amounts above are gross of any insurance recoveries. All such write offs must be approved in accordance with the ELT Finance Delegation limits.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) for any asset write offs.

All disposals of land must be agreed in advance with the Secretary of State.

13.2 Loan of School Property

School property should not be removed from the premises at anytime. Specific written authority to do so must be given by the Headteacher. The loanee is responsible for the security, insurance, and replacement of such item until the agreed time it is returned. For specific assets, e.g. laptops these will be issued to staff members, with a log retained in the IT department of this.

A record of all loans has to be kept and agreement to the terms and condition of the loan signed by the loanee (this applies to both students and staff).

13.3 Capitalisation of Non-Current Assets

- All assets with a purchase value of £1,000 will be capitalised in accordance with DfE asset descriptors
- Assets are usually funded by DFC and MAT Capital grants, or revenue expenditure transferred to Capital and shown as transferred funds in the SOFA
- Stated at net book value on the Balance Sheet
- Equivalent value credited to the Fixed Asset Fund
- Depreciated against the agreed policy using following rates:
 - Leasehold Land – 125 year straight line
 - Buildings – 50 years depending on the asset - straight line
 - ICT – 3 years straight line
 - Fixture Fittings and Equipment - 10 years reducing balance
- Depreciation charged in the year of acquisition, not in the year of disposal
- Depreciation will only be charged once a project has been fully completed. Work in Progress will not be depreciated.
- Disposal in accordance with Academies Trust Handbook

13.4 Assets Transferred from LA or other donating body

Land and buildings donated by the LA or another body shall be transferred at their recognised book value in the body's last set of accounts. The trusts' external auditor may ask for an independent valuation where there is doubt around the valuation of the asset

Other assets previously used by the predecessor school shall be transferred to the Academy at nil consideration, and their value be disregarded, unless the asset falls into the Trusts depreciation categories and then the asset will be transferred in at the net depreciation rate. EG if a vehicle is 2 years transferred to the academy the value on to the Fixed asset register will be the purchase price less 2 years depreciation cost. This can only be done if the original value of the asset can be proved, otherwise it will be at nil cost.

14 Reserves

Currently the Trust does not operate a GAG pooling mechanism. At this time, individual schools retaining their reserves, this includes the annual GAG allocation and any brought forward reserves.

Schools are expected to achieve at least at breakeven in their budget, after allocation of central Trust costs. Should a school expect to incur a deficit, an action plan for returning to at least a breakeven position within two years will be agreed between the Headteacher and CEO. This needs to be approved by the Trust Board.

Should the school need to utilise Trust reserves this will be approved by the Trust Board as part of the annual budget setting process.

15 ACADEMY CONTRIBUTIONS TO ELT MULTI ACADEMY TRUST

As part of the finance strategy agreed annually by the trustees, trust academies will contribute an agreed percentage of recurrent GAG income towards the cost of the central services, infrastructure, governance and strategic guidance provided by the trust. The percentage contribution will be reviewed annually by the board. The agreed method at this time is based on the percentage school GAG of total Trust GAG for the year. These recharges will be shown on the schools budget and management accounts.

16 INSURANCE AND RISK MANAGEMENT

The trust will maintain all risks insurance with a group policy for the insurance year 1 September to the following 31 August, co-ordinated centrally against the commonly identified risks which include (but are not limited to):

- | | |
|--|---|
| <input type="checkbox"/> Property Damage | <input type="checkbox"/> School Journey |
| <input type="checkbox"/> Business Interruption | <input type="checkbox"/> Legal Expenses |
| <input type="checkbox"/> Money | <input type="checkbox"/> Personal Accident |
| <input type="checkbox"/> Employers Liability | <input type="checkbox"/> Fidelity Guarantee |
| <input type="checkbox"/> Public Liability | <input type="checkbox"/> Governors/Trustees Liability |
| <input type="checkbox"/> Terrorism | <input type="checkbox"/> Libel & Slander |
| <input type="checkbox"/> Profession Indemnity | <input type="checkbox"/> Motor Vehicles |
| <input type="checkbox"/> Hirer's liability | |

The trust will review all risks annually with a centrally agreed insurance provider and at all times in the light of specialist professional advice, to ensure that the sums insured are commensurate with the risks.

It is the responsibility of each location to inform the DFO of all new risks, property equipment and vehicles, which require insurance, or of any real or potential situations which require alterations to existing insurance policies.

All locations shall display such notices regarding insurances as shall be required by statute, in particular, the statement of Employer's Liability Insurance. At no time shall any location give any indemnity to any third party without the written consent of the insurers. Each Academy will handle claims direct with the insurers. The DFO should be informed of all potential claims.

16.1 Risk Management

The Trust board is responsible for ensuring the trust has in place a risk management policy that is reviewed annually. The Accounting Officer is responsible for ensuring that an up to date risk register is maintained at trust and individual academy level, and that these are reviewed at least annually by trustees and by the Audit and Risk committee three time a year. This ties in with the audit and Annual Report and Financial Statements for trustee sign-off prior to submission to the DFE by 31st December each year.

16.2 Internal Audit

The main purpose of an internal audit process is to provide the Board with assurance that:

- The financial responsibilities of the Board 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

An annual audit plan will be agreed by the A&R Committee (A&R) and implemented under the direction of the DFO/CEO.

16.3 Month end procedures and management accounts

The following procedures will be undertaken on a monthly basis.

Action	Date by	Responsibility
Review payroll for accuracy – primary schools	As received	Management accountant
Produce payroll journal – primary schools	Once reviewed for accuracy	Management accountant
Review and approve payroll journal – primary schools	As produced	Finance Manager
Post payroll journal – primary schools	Once reviewed	Management accountant
Compile payroll summary & journal – secondary schools	As received	Finance Manager
Review payroll for accuracy – secondary schools	As received	SBM/HR manager/Head of School
Post payroll journal – secondary schools	Once reviewed	Finance Manager
Review aged debtors report	Pre month end	Management accountant/Finance Manager
Contact aged debtors via school to request payment	Pre month end	Management accountant/Finance Manager
Review aged creditors report	Pre month end	Management accountant/Finance Manager
Resolve outstanding balances	Pre month end	Management accountant/Finance Manager
Post topslice/central costs recharge journal	Pre month end	Management accountant/Finance Manager

Action	Date by	Responsibility
Update cashflow	Day -1	Management accountant/Finance Manager
Close period via amending access rights	Day 1	Finance Manager
Close VAT period	Day 1	Finance Manager
Run S126 VAT report	Day 1	Management accountant/Finance Manager
Run Trial Balance	Day 1	Management accountant/Finance Manager
Run transaction download	Day 1	Management accountant/Finance Manager
Review transaction download for the following items: <ul style="list-style-type: none"> Miscodings between income and cost Related party transactions Gifts or hospitality transactions Items noted in section 7.2 above Assets for capitalisation (following which the fixed asset register should be updated) 	Day 1	Management accountant
Identify accruals or prepayments required	Day 5	Management accountant
Identify adjustments to accrued/deferred income required	Day 5	Management accountant
Complete S126 VAT claim	Day 5	Management accountant
Produce balance sheet reconciliations: <ul style="list-style-type: none"> Bank accounts (done weekly) Credit card control accounts Intercompany accounts VAT accounts Petty cash accounts (done termly) Payroll control 	Day 10	Management accountant (primary) (from Summer 2021)/ SBM (secondary)
Write narrative	Day 10	DFO/Finance Manager
Produce management accounts	Day 10	Finance Manager
Issue management accounts, consolidated and by school, for review by the DFO, CEO and HoS	Day 10	Finance Manager
Review and approve reconciliations	Day 15	DFO
Upload management accounts, consolidated and by school, to governorhub	Day 15	Finance Manager
Issue budget monitoring reports to budget holders	Day 15	SBM/Management Accountant

17 External reporting

17.1 Year-end reporting

ELT are required to make the following mandatory annual financial submissions:

- Land and building collection return
- School Resource Management self-assessment tool return
- Audited financial statements, auditor's management letter and accounts submission coversheet
- Annual accounts return
- Submission of audited accounts to Companies House
- BFRO/BFR
- Pensions end of year certificate

18 Retention of documents, and GDPR

The following documents are retained for a period of 6 years plus the current year within the Trust:

- Personnel records (following the completion of employment)
- Payroll records
- Employee expense claims
- Contracts/SLAs (following termination of the contract or agreement)
- Supplier invoices
- Bank statements
- Bank reconciliations
- Charge card statements and supporting invoices
- Petty cash claims and supporting invoices
- S126 VAT claims and supporting analysis
- Management accounts
- Pensions reports
- Supporting information to the year-end accounts

18.1 Other Policies to be read in conjunction with these Financial Procedures:

- Accounting Policies
- Anti-Fraud and Corruption Policy
- Procurement Policy
- Investment Policy

Appendix A - Financial delegation limits

Delegated Duty	Value	Delegated Authority (within budget approved by Trust Board)	Method
Ordering Good and Services (raising requisitions) signature required – within existing allocated budget approved by the Trust Board	Up to £10,000	Primary: Headteacher and budget holder Secondary: Budget Holder (e.g.HOD)	Up to £3,000 - Budget holder obtain at least one quote, with discretion on whether quotations are appropriate, but ensures value for money is sought
	Up to £50,000	Secondary: Headteacher Central budget - CFO/CEO Primary: CEO and headteacher	If within approved budget level and spend identified in the budget: Minimum of 2 written quotes between £3,000 and £10,000. 3 Written quotes between £10,000 and £50,000 Any procurement of IT or Facilities related goods or services over £5k to be agreed with the DFO in advance of any procurement activity occurring
	Up to £100,000	CEO	£50,000- £177,897 at least 3 Tenders (Good and Services)
	£100,000 and over	Trust Board (in emergency situations the Chair of Trustees can award contracts up to £250k under Chair's actions and report to next Trust Board meeting)	From £50,000 - £4,447,447 (Works) Over £177,897 (the Public Contract Regulations 2015 (PCR2015) threshold for supplies and services Over £4,447,447 (the Public Contract Regulations 2015 (PCR2015) threshold for works.
Ordering Goods and Services – above approved budget	Up to £10k	CEO	If funds can be vired from other budget headings across the Trust within overall approved Trust budget.

Delegated Duty	Value	Delegated Authority (within budget approved by Trust Board)	Method
	Up to £50k	Chair of Trustees	If funds can be vired from other budget headings within overall approved Trust budget. In an urgent situation, that is of low risk to the trust, the Chair can commit up to £50k spend above budget but this has to be reported to the Board.
	Over £50k	Trust Board	
Award Contracts (total value over contract life)	Up to £10,000	Primary: Headteacher	All contracts over £5k should be notified to the CFO/CEO prior to agreeing to aid joint procurement for the Trust
	Up to £50,000	Secondary Headteacher/CFO	
	Up to £100,000	CEO	Chair can approve if convening Board meeting/seeking approval is not possible or practical given timescales involved but this has to be reported to the Board
	Over £100,000	Trust Board	
BACS Authorisations (batch value – excluding payroll)	Up to £25,000	Senior staff Member/Business Manager	Signature on the BACS report or email authorisation if this is not manageable
	Up to £50,000	Headteacher/Business Manager	
	Up to £100,000	CFO	
	Up to £150,000	CEO	
Credit card transactions	Up to agreed limit	Card holder	Transaction limit of £1,000 unless agreed to exceed this amount with the DFO or CEO

Delegated Duty	Value	Delegated Authority (within budget approved by Trust Board)	Method
Signatories for cheques DFE grant claims and DFE returns		Two signatories (or as required by DfE) from: <ul style="list-style-type: none"> ● Headteacher ● Business Manager ● Senior staff ● CEO ● CFO 	
Disposals of Asset	Up to £20,000 (purchase value)	Headteacher (notified to CFO if over £3,000)	Completion of disposal form
	£20,000 to £45,000	CEO	As above
	Above £45,000	Trust Board	
Write-off of bad debts	Up to £1,000	Headteacher	Written request and signed by appropriate delegated authority
	Up to £10,000	CFO and CEO	
	£10,000 to £45,000	As above plus Chair of Trustees	
	Over £45,000	As above plus DFE Approval	
Purchase or sale of any freehold property	Any	DfE Approval required	
Granting / take up of any leasehold or tenancy agreements exceeding 3 years	Any	DfE Approval required	
Raising Invoices to collect income	Up to £20,000	Finance Manager, Business Manager and/or Headteacher	
	£20,000 to £100,000	As above plus CFO	

Delegated Duty	Value	Delegated Authority (within budget approved by Trust Board)	Method
	Over £100,000	As above plus Board of Trustees	
Payroll	Authorisation of monthly payroll for each school	Headteacher	Sign the payroll report for school Must ensure pay costs are within agreed budget for the academy
	BACS payment of payroll invoice	Headteacher or Business Manager to sign invoice plus required signatories for BACS	CEO/CFO/Finance Manager to sign BACS
	Sign all starter and leaver forms and change of contract forms. Sign off Monthly Claim/Deduction of hours documents/variation report	CEO	Sign payroll forms for Headteachers and other Trust staff
		Chair of Trust	Sign forms for CEO
		CEO and Headteacher	Any vacant posts are notified to central HR for approval for recruitment to take place Sign forms for any new starter
	Certificate of Travel/Subsistence Claims	Chair of Trustees	Expense claims of CEO
		CEO	Expense claims of Executive Headteacher/Headteacher/Head of School/other trust staff
		Headteacher	Expense claims of school employees
	Discretionary payments up to £3,000	Headteacher	Business case must be produced, approved and retained for all discretionary payments
	Discretionary payments up to £20,000	As above plus CEO	

Delegated Duty	Value	Delegated Authority (within budget approved by Trust Board)	Method
	Discretionary Payments £20,000 to £50,000	As above plus AF&R	
	Discretionary Payments £50,000 and over	As above plus ESFA	

Extract from Academies Financial Handbook (2022) re ESFA approval

Summary of Freedoms and Delegations

This summary is not a substitute for the full handbook

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	Chair of Trustees ESFA agreement required (5.5)
Special Payments	Staff severance and compensation	Chair of Trustees ESFA agreement required if £50,000 or more before tax (5.10 and 5.14)
	Ex gratia payments	Chair of Trustees ESFA agreement required (5.17)
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	Headteacher up to £1,000
	Entering into guarantees, indemnities or letters of comfort	CEO up to £10,000 Chair of Trustees up to limits below. ESFA consent required if exceeds: <ul style="list-style-type: none"> ● 1% of annual income or £45,000 individually: or ● 2.5% or 5% of annual income cumulatively (5.18 and 5.19)
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	Trust Board approval ESFA agreement required (5.22)
	Disposing of a freehold on land/buildings	
	Disposing of heritage assets	
	Other Disposals	Trust has full discretion (5.23)
Leasing	Taking up a finance lease	ESFA agreement requires (5.25)
	Taking up a leasehold on land and buildings	ESFA agreement required if lease term seven years or more (5.25)
	Taking up any other lease	Trust has full discretion (5.26)
	Granting a lease on land and buildings	ESFA agreement requires (5.25)
GAG	GAG carry forward	No limits if trust eligible (5.28)

	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible (5.29)
Borrowing	Loan, overdraft	ESFA agreement required (5.32)
	Credit Cards (for business use)	Trust has full discretion provided charges not incurred (5.32)
Related party transactions	Supplies to the trust from related parties	ESFA agreement required over £20,000 and over associated limits in 5.41