



## Financial Procedures Policy

<b>Ratified by Board of Trustees (date):</b>	<b>February 2021</b>
<b>Signed on behalf of Board of Trustees</b>	<b>R Butterfield</b>
<b>Signed on behalf of CEO:</b>	<b>A Kneeshaw</b>
<b>Review date:</b>	<b>February 2022</b>

## **Policy Aims**

This policy describes the systems the Trust employs to ensure effective financial management and expectations for financial compliance.

## **Financial Management Structures**

Finances will be managed within the following organisational structures:

### **Trustees**

Trustees have ultimate responsibility for Trust finances, with their main responsibilities as outlined in the Master Funding Agreement. These include:

- Ensuring GAG monies are used appropriately
- Approval of annual budgets
- Approve the scheme of delegation
- Establishing and effectively operate a Risk and Audit Committee
- Appointment of Chief Executive Officer (CEO)

### **Risk and Audit Committee**

The Risk and Audit Committee oversees the financial and audit requirements of all schools, reporting in to Trustee meetings. It has membership of four trustees, one of which is the CEO, with the CFO also in attendance.

### **Accounting Officer**

The CEO is the Accounting Officer (AO). They are responsible to Trustees for ensuring regularity and propriety, value for money, and overseeing the financial affairs of the Trust. The AO delegates these responsibilities to others, principally the CFO.

### **CFO**

The CFO's main responsibilities are:

- The day to day management of financial issues including management of effective accounting systems
- Overseeing the financial performance of the Trust/Trust schools.
- Strategic financial management in liaison with the CEO.
- Establishing and monitoring financial control systems
- Statutory financial reporting
- Preparing monthly management reports and accounts

- Monitoring and authorising transactions according to the financial scheme of delegation
- Leadership of Trust finance staff/systems.

### **Head of School**

Heads of School are responsible for delivering their individual school priorities within budget guidelines, in accordance with Trust financial systems and scheme of delegation. They may recruit staff within agreed staffing structures.

### **School Finance Personnel**

Each school has their own finance personnel whose are responsible for ordering goods and services in line with Trust systems, and accounting and monitoring these against defined cost centres.

### **Internal Audit**

The Trust has a regular internal audit programme to provide assurance to the board that:

- Financial responsibilities are properly discharged
- Resources are managed in an efficient, economical and effective manner
- Sound systems of internal financial control are maintained
- Financial considerations are applied during decision-making processes

Audit findings are reported to the Risk and Audit Committee.

### **Register of Business Interests**

Anyone making spending decisions must demonstrate that they do not benefit personally from them. To help ensure this, all Trustees and senior staff with significant financial or spending powers must declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register should include:

- Business interests such as directorships, share-holdings or other appointments of influence within a business/organisation.
- 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 register of business interests does not remove the duty to declare interests whenever they are relevant to matters being discussed at Trust/school meetings.

It is updated annually and it is the responsibility of all Trustees/ relevant personnel to keep the declarations up to date.

### Financial Planning

Each school plans a three-year budget plan in conjunction with the CFO. This will reflect the budget delegated to the school budget and school/Trust strategic priorities. The Risk and Audit committee approves budgets annually.

### **Financial Reporting and Internal Audit**

The CFO compiles an annual timetable of compliance, showing statutory reporting deadlines and details of internal audit activities.

### **Finance Systems**

All financial transactions are recorded on the HCSS/Access Accounting System. The system is password restricted, with the CFO determining access rights for other Trust finance personnel.

A guidance document has been produced to enable clarity and consistency for all schools when coding income and expenditure.

### Transaction Processing

All transactions to the accounting system must be authorised in accordance with the procedures manual. Bank account and petty cash entries should be inputted locally then checked, reconciled and signed to evidence this by other school/Trust financial personnel.

### **Payroll Systems and Procedures**

All staff are paid monthly via Dataplan, an outsourced payroll provider who also act as our agents with HMRC. They hold a data file for each employee comprising details of salary, bank, tax and pension status, personal information, and any deductions or allowances to be applied.

Amendments will be made on the basis of information provided by Trust HR personnel. The CFO will check payroll and authorise before payments are made. Payroll records will be countersigned by the CFO and HR Director, and monthly payroll journals are produced on Trust finance systems.

Reconciliations must be prepared between the current and previous month's gross salary payments showing any adjustments and reasons for these being made.

Payroll systems automatically calculate the deductions due from payroll to comply with current legislation. The CFO regularly checks a random selection of payroll payments to ensure that proper gross to net pay calculations are made, which internal audit will also review on a periodic basis.

## **Ordering and Purchasing**

### **Procurement**

The Trust aims to achieve best value in all purchases, considering cost, quality and time parameters. To assist this the Trust benchmarks procurement and employs resources such as 'Deals for Schools', whilst also adhering to the following principles:

- **Probity:** 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:** The Trust deals with all parties on a fair and equitable basis.

Effective procurement is enhanced by adherence to the following 'Rights':

- Purchase the ***right Goods or Service*** – the most critical element of any procurement.
- Ensure ***the right Quantity*** – with discounts sought for bulk purchases.
- Purchase the ***right Quality*** – a cheap item may not be fit for purpose.
- Ensure the ***right price*** – which must consider up front and life cycle costs. The Trust may not pay more than cost in Related Party Transactions.

### **Routine Purchasing**

Budget holders will be informed of their allocation and responsibility to effectively manage funds and not overspend. They will be issued with regular updates to facilitate this.

### **Financial Scheme of Delegation**

The financial scheme of delegation outlines differing procedural requirements at different spending thresholds and circumstances.

## **Purchase Requisitions and Orders**

Purchase Orders (PO's) ensure the Trust has an accurate record of orders for goods and services, which can then be compared against items delivered. All orders should be made through the HCSS/Access PO processing system by Trust/school finance personnel. Staff should not use Trust systems to make orders for personal use.

When paper copy PO's are printed, they should be filed alongside requisition forms awaiting receipt of goods or services. Electronic copies are also available through the accounting system. All PO's are approved by finance personnel, with the school/Trust retaining a list of authorised signatories.

## **Goods and Services Received**

Finance personnel will make appropriate arrangements for the delivery of goods and services which should be made to schools, and never be made to staff addresses. Finance personnel will ensure that each school has systems in place to ensure that a detailed check is made of the goods received against the order/delivery note, and make a record of any discrepancies.

If there is no delivery note, the Invoice should serve this purpose and be checked against the original order. Discrepancies should immediately be raised with the supplier. All invoices must contain an official PO number, which is checked against the PO before payment is made. Invoices will be paid through BACS, cheque, direct debit or CHAPS as appropriate. The standard payment terms are 30 days from invoice date, but can be amended to meet specific circumstances.

A control record will be maintained for the issuance of cheques detailing the number, sequence of cheque books received and date of receipt. Cheque books should be securely stored when not in use, and access to cheques must be strictly controlled.

Suppliers paid by direct debit will be entered on the purchase ledger accordingly, so that these do not appear on the supplier payment run. Payments from bank accounts can then be reconciled to clear the supplier account.

## **Suppliers**

The list of suppliers is maintained at Trust level. The Trust will use this to establish a register of preferred suppliers that schools may purchase from.

## **Debit/Credit Cards**

The Trust uses debit/credit cards for convenience or payments which can not be made by invoice/cash/cheque, typically to online retailers. Credit card transactions made in any month will be paid in full the following month by Direct Debit, while debit card transactions will be taken from the bank immediately. The use of debit/credit cards will be subject to rigorous control, with credit limits maintained at an appropriate level by the CFO. Staff must not make purchases using personal credit cards without prior approval from finance personnel.

All card transactions must be accompanied by an appropriate voucher/receipt, retained for accounting purposes, and must not be used for personal or private use. Cards must be kept securely at all times, and card numbers/PIN numbers must not be shared. All transactions must be reconciled each month and authorised in line with the bank mandate.

## **School Income Collection from Parents/Carers**

The Trust is introducing cashless electronic systems, which will be the preferred method of collecting payments from parents/carers. All other income received must be recorded on HCSS against the income nominals.

## **Cash Management and Banking**

Receipts will be issued for all cash/cheques received and must be kept securely in the Finance Office safe prior to banking. Monies should be banked at timely intervals avoiding breaches to limits for monies held at individual schools. Monies must be banked in their entirety in the appropriate account. The finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

## **Cash Management**

The financial resources will be managed through one main operational bank account held with Lloyds Bank.

Deposits must be entered on a paying-in slip, counterfoil, or listed in a supporting book. Payments and withdrawals from any Trust account must have two authorised signatories in line with bank mandates. The Chief Financial Officer must ensure bank reconciliations are completed at least on a monthly basis, comparing the HCSS accounting system and bank statements. An unreconciled list of payments (if appropriate) must be produced once the final bank statement for the month has been reviewed.

Each school can maintain a maximum petty cash balance of up to £500, which must be kept in the safe and administered by finance personnel. In the interests of security, individual petty cash payments will be limited to £50. Finance personnel are responsible for administering the Petty Cash Account and ensuring that it is regularly balanced. The only deposits to petty cash should be from cheques raised specifically for this purpose on the bank account made by finance personnel. The receipt should be recorded in the petty cash system with the date, amount and a reference relating to the payment. Without exception, all other cash receipts should be paid directly into the trust bank account.

## **Cash Flow Forecasts**

The CFO is responsible for preparing cash flow forecasts to ensure that there are sufficient funds to meet the daily operational needs of the Trust.

## **Fixed Assets**

### **Asset Register**

The Trust maintains a register of all IT equipment and items with a purchase price greater than £5000. Records show their location, purchase date and serial number (where relevant). The register helps ensure:

- Staff are accountable for and take care of assets and act as a deterrent against theft or misuse.
- Effective utilisation of assets and helps plan their replacement
- Assist external auditors make informed judgements for annual accounts
- Insurance claims can be evidenced/supported

### **Disposals of Assets**

The CFO must approve any items for sale, disposal or waste. They must inform the DFE of any item with a disposal value of more than £5000. All disposals of land must be agreed in advance with the Secretary of State.

### **Loan of Assets**

Trust property should not be removed from premises without the authority of the CFO. Any equipment that is loaned should be formally recorded and monitored.

## **Top Slice Payments**

Each school contributes 5% of total income (less grants for a specific purpose) to central Trust funds, to fund provision of Trust services.

## **Insurance**

The Trust is a member of the DfE's Risk Protection Arrangement (RPA). This provides very comprehensive cover which includes all common risks.

All schools should display relevant notices regarding insurances as required by statute, such as statement of Employer's Liability Insurance. At no time shall any school give any indemnity to any third party without the written consent of the CFO and insurers. All insurance claims should be passed to the CFO.

## **Risk Management**

The Trust reviews risks on at least a termly basis, which are codified in the Risk Register. It is the responsibility of each school to inform the Trust of new risks, as well as abiding by the requirements and provisions of the RPA. The AO is responsible for ensuring that an up to date register is maintained.

## **Reserves Procedures**

### **Retained Trust Reserves**

The Trust aims to retain reserves of no less than one month of total Trust monthly income. This is to cover working capital requirements, provide financial cover for any risks and also provide funds for any opportunities afforded to the Trust.

Reserves will be substantially over this monthly income threshold when UAK is converted to the Trust in September 2021. However, these will initially be ring-fenced for use to meet increasing PFI costs at UAK over the remaining term of the contract. The amount being ring-fenced may be reduced over future years in line with reducing needs in relation to these payments.

### **Conversion to The Trust**

Any surpluses at the point of conversion will normally be added to Trust reserves. However, the Trust has the discretion to allow surpluses to be retained at school level if there are strong reasons to support this.

The Trust also has discretion how to deal with cumulative deficits. This will run on a continuum from the Trust absorbing these debts in their entirety, to an expectation that short-term financial support from the Trust will be repaid on an agreed basis over a number of years.

### **Year-End**

Schools registering in-year surpluses will be allowed to retain and roll-over these monies in to the following years' budget. This is to incentivise and reward prudent financial management.

Schools registering in-year deficits will be expected to make up for these losses by repaying the Trust over the following year or agreed number of years. The Trust retains the right to waive this right as circumstances dictate.

Where the Trust central provision records an in-year surplus, this can either add to Trust reserves or be distributed to schools on a proportionate basis to their level of top-slice payments that year. Which option taken will be determined in consideration of the prevailing needs of the Trust and Trust Schools, with a decision made after discussion at the Risk and Audit committee and full Trustees.

## Appendix One: Declaration of Pecuniary Interests Form

### DECLARATION OF PECUNIARY INTERESTS ACADEMIC YEAR 2020/21 MEMBERS AND TRUSTEES

**Member / Trustee Name:**

1. Please list below any relevant companies or organisations (i.e. those that the trust may do business with) of which you are either the owner or joint owner, a director or a major shareholder:
2. Please list any relevant companies or organisations for which you work, either full time or part time:
3. Please list any relevant companies in which any close friend or relative (a relative is defined as a spouse, parent, sibling, son, daughter, in-law or common law partner) has a financial interest or which employs a close friend or relative.
4. Please declare any non-financial interests that you consider conflict with the Trust's interests, for example, if you are involved in an official capacity with an outside organisation which has dealings with the Trust.
5. Please declare any relationship you may have with any members of the Trust staff including spouse, partner and relatives.

**NB: If you have no relevant links with any company please indicate this.**

"Relevant" extends to include any organisation, firm, business or individual which may have, or already has, commercial dealings with the Trust and where you have, or could have an influence over such dealings directly or indirectly.

**Please note this form must be signed and returned even if there are no interests to declare.**

**If you have any change in your circumstances during the year you must report this immediately.**

**Please return to Finance personnel**

Signed \_\_\_\_\_

Dated \_\_\_\_\_

## Appendix Two – Financial Scheme of Delegation

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods, Services and authorising contracts	Up to £10,000	Budget Holder	Selection from preferred supplier list
	£10,001 to £75,000	Approval from CFO and CEO	Minimum of three written quotes or tenders, including advertising in OJEU [if over threshold]
	Over £75,000	Trustee Approval: may be delegated to Chair of Trustees or Audit & Risk Committee	Minimum of three quotes (inc OJEU), and information from HoS to next trustees meeting.
	Authority to accept other than lowest quotation or tender	Commensurate with purchasing limits	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	All payments are to be authorised by the CEO and CFO	
Virement of budget provision between budget heads	Up to £10,000	Approval from CFO	
	£10,001 to £50,000	Approval from CFO and CEO	
	over £50,000	Trustee Approval: May be delegated to Chair of Trustees or Audit & Risk Committee	
Borrowing	Any amount	Approval from CFO and CEO with referral to Chair of Trustees/Audit Committee	ESFA approval needed
Novel, contentious and repercussive transactions	Any	Approval from CFO and CEO	ESFA approval needed
	Up to £50,000	Approval from CEO and CFO	
	Over £50,000	Approval from CEO with referral to Chair of Trustees/Audit Committee	ESFA approval needed
Ex-gratia payments	Any	Approval from CFO and CEO	ESFA approval needed
Acquisition and disposal of fixed assets	Acquiring/Disposing Freehold land/buildings and heritage assets	Approval from Trustees	ESFA approval needed
	Other disposals	Approval from CFO and CEO	
Write-offs, guarantees, letters of comfort, and indemnities	1% of annual income of £45,000 individually 2.5% or 5% annual income cumulatively	Approval from CEO (Must be reported to the Audit Committee)	ESFA approval needed
	Below above limits	Approval from CEO	
Leases (Not land or buildings)	Up to £10,000	Approval from CFO	
	£10,001 and above	Approval from CFO and CEO	
Leases or Tenancy Agreements for land or buildings	Any Amount	Approval from CEO and CFO	ESFA approval needed

## Appendix Two – School Level Financial Scheme of Delegation

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods, Services and authorising contracts	Up to £10,000	Budget Holder	Selection from preferred supplier list
	£10,001 to £75,000	Approval from CFO and CEO	Minimum of three written quotes or tenders, including advertising in OJEU [if over threshold]
	Over £75,000	Trustee Approval: may be delegated to Chair of Trustees or Audit & Risk Committee	Minimum of three quotes (inc OJEU), and information from HoS to next trustees meeting.
	Authority to accept other than lowest quotation or tender	Commensurate with purchasing limits	
Virement of budget provision between budget heads	Up to £10,000	Approval from CFO	
	£10,001 to £50,000	Approval from CFO and CEO	
	over £50,000	Trustee Approval: may be delegated to Chair of Trustees or Audit & Risk Committee	
Borrowing	Any amount	Approval from CFO and CEO with referral to Chair of Trustees/Audit Committee	ESFA approval needed
Novel, contentious and repercussive transactions. Ex-gratia payments. Write-offs, guarantees, letters of comfort, and indemnities.	Any	Approval from CFO and CEO	ESFA approval needed
Staff severance and compensation payments	Up to £50,000	Approval from CEO and CFO	
	Over £50,000	Approval from CEO with referral to Chair of Trustees/Audit Committee	ESFA approval needed
Acquisition and disposal of fixed assets	Any disposal	Approval from Trustees	ESFA approval needed
Leases (Not land or buildings)	Up to £10,000	Approval from CFO	
	£10,001 and above	Approval from CFO and CEO	
Leases or Tenancy Agreements for land or buildings	Any Amount	Approval from CEO and CFO	ESFA approval needed

## Appendix Three - Carlton Academy Trust - Financial Cycle

September	October	November	December
<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• New Academies Financial Handbook comes into effect</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> <li>• Complete Year End template</li> <li>• Upload budget</li> <li>• LBCT due end of Oct</li> <li>• SRMS due end of Oct</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA issues guidance on the CIF</li> <li>• ESFA issues PE and sport premium conditions of grant and allocations</li> <li>• ESFA makes the second quarterly pupil premium payment for the 2018 to 2019 financial year</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete autumn school census</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> Instalment of PE and Sports Grant Funding</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Deadline for new CIF applicants to register on the online portal</li> <li>• Ensure LBCT and SMRS submitted</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• Deadline for bids for CIF</li> <li>• DfE announces schools revenue funding settlement for the next financial/academic year</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Submit audited financial statements, auditor's management letter and accounts submission cover sheet by 31 December</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>
January	February	March	April
<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA makes the third quarterly pupil premium payment for the financial year</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete spring school census</li> <li>• Trusts submit their accounts return by 22 January</li> <li>• Trusts publish their audited financial statements on their website by 31 January</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA issues guidance on funding allocations</li> <li>• ESFA issues guidance on the academies budget forecast return (BFRO)</li> <li>• ESFA issues Year 7 catch-up premium conditions of grant and allocations</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA issues academy revenue funding allocations</li> <li>• ESFA publishes CIF outcomes</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA makes live the form for trusts to claim national non-domestic rates (NNDR) for the financial year</li> <li>• ESFA makes the final quarterly pupil premium payment for the 2018 to 2019 financial year</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>
May	June	July	August
<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA issues the academies accounts direction</li> <li>• ESFA issues guidance on the budget forecast return (BFR)</li> <li>• 2<sup>nd</sup> Instalment of PE and Sports Grant Funding</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete summer school census</li> <li>• Submit budget forecast return: outturn (BFRO)</li> <li>• Submit audited financial statements to Companies House within 9 months of the end of the accounting period which is 31 May</li> <li>• Audit Teachers Pensions "EOYC"</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA issues guidance on the budget forecast return (BFR)</li> <li>• ESFA makes final payment for universal infant free school meals (UIFSM)</li> <li>• ESFA pay rates relief</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>ESFA</b></p> <ul style="list-style-type: none"> <li>• ESFA makes the first quarterly pupil premium payment</li> </ul> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Trusts submit their budget forecast return (BFR)</li> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> </ul>	<p><b>Trust</b></p> <ul style="list-style-type: none"> <li>• Complete Month End</li> <li>• Complete Management Accounts</li> <li>• Prepare for year end</li> <li>• FMGS Due end of Sept</li> </ul>