

AURORA ACADEMIES TRUST

Policy Title:	Financial Management Handbook
Policy Reference:	Financial Management Handbook
Function:	<u>For Information and Guidance</u> /Statutory
Audience:	Parents, Trustees, Governors, Regional Directors, Executive Headteachers, Headteachers, Heads of School, Teachers, Support Staff, as necessary
Ownership/ Implementation:	The Trustees/LAB Governing Body (as required) have overall responsibility for ensuring that this policy is implemented
Version:	002
Approved by Trust Board:	March 2017
Next Date for Review:	March 2019



Financial Management Handbook

Contents

1	INTRODUCTION.....	3
2	ORGANISATION.....	3
3	ACCOUNTING SYSTEM	11
4	ANNUAL FINANCIAL PLANNING.....	13
5	PAYROLL.....	15
6	PURCHASING.....	17
7	INCOME	23
8	CASH MANAGEMENT	25
9	FIXED ASSETS.....	27
	APPENDIX: SCHEME OF DELEGATION	29



1 Introduction

- 101 The purpose of this manual is to ensure that the Trust maintains and develops systems of financial and budgetary control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 102 The Trust must comply with the principles of financial control outlined in the academies financial handbook published by the DfE and in particular to the treatment of public and private funds. This manual expands on that and provides detailed information on the academy's accounting procedures and systems and should be read by all staff involved with financial systems.

2 Organisation

- 201 The Trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Trust Board

- 202 The Trust Board has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Master Funding Agreement between the Trust and the DfE and in the Trust's scheme of delegation.

The main responsibilities include:

- Ensuring that grants from the DfE are used only for the purposes intended;
- Approval and monitoring of the annual three year consolidated budget for the Trust;
- Approve the Trust and academy annual budgets
- Approval of the staff structure of the Trust and academies
- Appointment of each academy Headteacher/Head of School;
- Appointment of the Trust Senior Leadership members, i.e. Chief Executive Officer, Executive Headteachers and Financial Director;
- Appointment of the Trust Accounting Officer (where required);
- Approval of the Trust Performance Related Pay Policy;
- Approval of the Trust Financial Management Handbook and Procurement of Supplies and Services Policy and Framework;
- Approval of the audited annual financial statements and associated financial returns for the Trust;
- Consider the recommendations set out in the audit report and the action plan proposed by the Financial Director for implementing these;
- Ensuring appropriate insurances are in place across the Trust;
- Set up and monitor the meeting minutes and other reports from the Finance and Audit Committee;



- Central services provided to each academy, through a top slice of retained GAG funding;
- Ensure that EU regulations are applied for all contracts over the EU threshold;
- Approve capital projects above £10,000;
- Approve the Trust charging policy;
- Approve the annual review of charges for the various areas of Trust income;
- Approve procedures for chasing outstanding income due to the Trust;
- Approval of bad debt write offs in excess of £1,000;
- Approve and periodically review the policy for the security arrangements at the Trust;
- To determine a value above which discrepancies in the inventory should be reported to the Finance and Audit Committee;
- Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land and buildings;
- The requirements of the Master Funding Agreement and the Academies Financial Handbook are adhered to;

The Finance and Audit Committee

203 The Finance and Audit Committee is a committee of the Trust Board. The committee meets at least once a term but more frequent meetings can be arranged if necessary.

204 The Finance and Audit Committee shall ensure that the internal control systems, including audit activities, of the Aurora Academies Trust is monitored actively, independently and objectively in order to:

- Ensure the effectiveness of the Trust's internal controls;
- Reinforce the independence and effectiveness of the internal audit function;
- Provide a sounding board for the Trust and academy senior management on issues of concern in connection with the Trust's internal control systems;
- Advise on the reliability of the academies information systems;
- Underpin the objectivity and independence of the external auditors;
- Increase stakeholder confidence in the objectivity and fairness of the Trust Board's financial reports and in the quality of the Trust's corporate governance;
- Provide a medium of communication from the Trust's auditors to the Trust Board that is seen to be independent of senior management;
- Ensure that financial transactions are undertaken in accordance with the Trust's financial regulations.

205 The duties of the Finance and Audit Committee shall be:

- To review and consider the three year consolidated Trust budget and recommend it for approval to the Trust Board;
- To review the annual Trust and academy budgets and recommend them to the Trust Board for their approval;
- To consider all relevant financial updates and advise the Trust Board of any issues affecting the Trust's financial administration;



- To monitor and review the monthly management accounts of the Trust and to comment on how this may affect the development of the Trust and the strategic plan;
- Monitor and control expenditure against the budget during the financial year;
- To recommend the audited annual financial statements to the Trust Board for approval and to ensure the report is filed in accordance with the requirements of the Companies Act and the Education Funding Agency (EFA);
- To assess the risks arising from the Trust's operations, including the likelihood and materiality of each risk, regularly reviewing the Trust's risk register;
- To agree and monitor compliance with the expected practice, financial policies and segregation of duties as outlined in the Financial Management Handbook and Scheme of Delegation; ensuring this is in line with the latest guidance from the DfE as published in the Academies Financial Handbook;
- The authority for the signing of official orders for the purchase of goods and services between £25,001 and £50,000;
- Approval of bad debt write offs of less than £1,000;
- To determine a value above which assets should be recorded on the Trust's inventory;
- Authorise items for disposal above a value of £5,000;
- To consider the benchmarking work undertaken by the Trust and propose changes, as required, to ensure that the Trust budget achieves value for money;
- To agree the remit and programme of internal audit, to monitor review and ensure all accounting and banking practices conform to regulations and good practice;
- To maintain and ensure there is a central register of business interests and that all directors and senior management have declared any related party interests;
- To discuss the financial implications of HR compliance issues (e.g. compromise agreements will be discussed at this committee).
- To review the risks to internal financial control and plans to address any issues identified and advise the Trust Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk-management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
- Undertake an assessment of risk management for insurance purposes at the Trust;
- To advise the Trust Board on the appointment, reappointment, dismissal, and remuneration of the external auditor and the Responsible Officer audit service;
- To advise the Trust Board on control issues included in the management letters of the financial statements auditor, including work on regularity;
- To advise the Trust Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor and management responses to these;
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the external auditor's management letter;
- To consider and advise the Trust Board on relevant reports by the National Audit Office, the Education Funding Agency, and other funding bodies, and where appropriate management's response to these;
- To ensure that all allegations of fraud and irregularity are properly followed up;



- To be informed of all additional services undertaken for the Trust by the Internal Audit service and the external auditors;
- Intervene if there are signs that something may be seriously amiss, in particular in connection with explanations given by auditors and management;
- Commissioning investigations and seeking professional advice as considered necessary;
- Responsible for commissioning investigations of potential instances of fraud irregularity or cases of whistleblowing.

The Chief Executive Officer

206 The duties of the Chief Executive Officer shall be:

- Accounting Officer for the Trust;
- Ensure the trust's continuing compliance with the Academies Financial Handbook;
- Ensure that meetings are timetabled taking into consideration financial deadlines;
- Ensure that recommendations agreed by the Trust have been implemented;
- The signing of cheques or authorisation of BACS/electronic payments (two signatories always required) *NB the cheque or BACS/electronic payment signatories must have no connection to the cheque/BACS payee;*
- Use of trust corporate cards for purchasing goods and services up to the card limit of up to £2,000 per month;
- Appointment of Senior Leadership team members;
- Authorise pay increases in accordance with the performance related pay policy;
- Implement the Trust Pay Policy and appointment procedures for all staff employed by the Trust;
- Review contracts on an ongoing basis, as part of ensuring that the Trust achieves 'best value';
- Ensure that a minimum of three written quotes are obtained for purchases and contracts valued at over £1,000 and up to a value of £10,000;
- Ensure that a minimum of three tenders are obtained for all purchases and contracts valued between £10,001 and £100,000;
- The authority for the signing of official orders for the purchase of goods and services between £1,000 and £5,000 (one signatory required);
- The authority for the signing of official orders for the purchase of goods and services between £5,001 and £25,000 (two signatories required);
- Maintain a register of key holders.



The Financial Director

207 The duties of the Financial Director shall be:

- Ensure that all relevant financial updates are brought to the attention of the Finance and Audit Committee and Trust Board;
- Prepare a three year consolidated budget for the Trust;
- Undertake benchmarking exercises on an annual basis for review by the Finance and Audit Committee;
- Prepare the draft academy budgets based on the agreed objectives of the Trust as set out in the strategic plan, the academy improvement plans and the Trust three year plan for review and approval by the Trust Board;
- Prepare a timetable with key dates for annual budget management;
- Prepare monthly management accounts for the Trust and academies showing income and expenditure against budget;
- Ensure that any trading activities are separately monitored and reported to the Trust Board;
- The preparation of the annual financial statements and other financial returns required by the EFA and Companies House;
- Produce a formal response to the Auditor's Management report following the audit of the annual financial statements and Responsible Officer audit reports and an action plan showing how the recommendations will be implemented;
- Ensure that recommendations agreed by the Trust have been implemented;
- Ensure maintenance of complete financial accounts and full supporting records for all accounts;
- The retention, secure storage and disposal of accounting records in accordance with both legal and EFA requirements;
- The maintenance of full financial records for all accounts;
- Undertake an annual review of the control's within the Trust's financial systems;
- The signing of cheques or authorization of BACS/electronic payments (two signatories always required) *NB the cheque or BACS/electronic payment signatories must have no connection to the cheque or BACS/electronic payment payee.*
- Approve the bank reconciliation on a monthly basis;
- Agree an appropriate amount of petty cash to be held and the periodic check of completeness of financial records;
- Monitor purchasing regulations to ensure compliance by the Trust;
- Maintain a contracts register for the Trust;
- Review contracts on an ongoing basis (and as part of ensuring the Trust achieves 'best value');
- The maintenance of a register of all operating leases held by the Trust;
- The maintenance of an authorized signatory list for orders (subject to the limitations agreed);
- The authority for the signing of official orders for the purchase of goods and services between £1,000 and £5,000 (one signatory required);



- The authority for the signing of official orders for the purchase of goods and services between £5,001 and £25,000 (two signatories required);
- To monitor the regulations on VAT, ensuring compliance by the Trust;
- The signing of VAT reimbursement claims;
- Drawing up proposed charges for the various areas of Trust income, including lettings, on an annual basis;
- Initiate adequate insurance cover for the Trust and maintain a register of policies taken out;
- Undertake an assessment of risk management for insurance purposes at the Trust.
- Set suitable controls for the recording and collection of monies due;
- Ensure the security of monies kept on site;
- Produce and implement a policy for security arrangements at the Trust (including procedures for call-out and key replacements);
- Ensure the physical security of the Trust's assets, and maintain and periodically inspect an up to date inventory;
- The physical inspection of the inventory on an annual basis or through an ongoing programme of (random) sample checks;

The Regional Director and Headteacher/Head of School

208 The duties of the Regional Director and Headteacher and Head of School shall include:

- To keep within and operate to a balanced budget, focused on improving standards and achieving value for money;
- Approving new staff appointments within the academy, except for any senior staff posts which the Trust Chief Executive Officer has agreed should be approved by them;
- The control and monitoring of any delegated budgets;
- The signing of cheques or authorization of BACS/electronic payments (two signatories always required) *NB the cheque or BACS/electronic payment signatories must have no connection to the cheque or BACS/electronic payment payee;*
- Use of Trust corporate cards for purchasing goods and services up to the card limit of up to £2,000 in any month;
- Headteacher/Head of School the authority for signing official orders for the purchase of goods and services up to £5,000 (one signatory required);
- Regional Director, authority for the signing of official orders for the purchase of goods and services between £5,001 and £25,000 (two signatories required);
- Signatories to the academy bank account in conjunction with any other authorised signatory.



The Business/Finance Manager

209 The duties of the Business/Finance Manager shall include:

- Ensure the academy's continuing compliance with the Trust Financial Management Handbook, Procurement of Supplies and Services Policy and Framework and the Academies Financial Handbook;
- Assist the Financial Director in the preparation of an academy three year budget;
- Preparation of the annual academy budgets for review by the Financial Director;
- Assist the Financial Director in the preparation of benchmarking exercises on an annual basis;
- To keep within and operate to a balanced budget, focused on improving standards and achieving value for money;
- Prepare monthly management accounts for their academy and provide a written report on variances compared to budget;
- The control and monitoring of all delegated budgets;
- Assist the Financial Director in the preparation of the annual financial statements and other financial returns required by the EFA;
- The signing of cheques or authorization of BACS/electronic payments (two signatories always required) *NB the cheque or BACS/electronic payment signatories must have no connection to the cheque or BACS/electronic payment payee;*
- The control and reconciliation of the academy bank accounts for consideration by the Financial Director;
- The maintenance of accounting records, the security and regular reconciliation of petty cash;
- The filing and storage of personnel and pay records (including job descriptions, person specifications, interview notes and evidence of appointments, contract of employment amendments and contract terminations);
- Maintain a contracts register for the academy;
- Act as a Contracts Manager and monitor contracts on an ongoing basis;
- Ensure a minimum of three written quotes are obtained for purchases and contracts valued at over £1,000 and up to a value of £10,000;
- The authority for signing official orders for the purchase of goods and services up to £1,000 (one signatory required);
- To complete and submit the reimbursement claim for VAT;
- The control and collection of all income;
- The preparation of receipts for all banking;
- The physical banking of monies on a regular basis.

Responsible Officer Audit

210 The Responsible Officer Audit service (ROA) is commissioned by the Trust Board and provides trustees with an independent oversight of the Trust's financial affairs. The main duties of the ROA are to provide the Trust Board with independent assurance that:

- The financial responsibilities of the Trust Board are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner to improve standards;



- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions;
- Governance is exercised in a responsible but effective manner, focused on academy improvement and pupil/student progress and achievement;
- The Trust has adequate risk management policies and procedures in place to minimise any risks to the Trust, its staff, students and visitors.

211 The ROA will ensure an annual programme (max of three per year) of reviews is undertaken to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust Board. A report of the findings from each visit will be presented to the Finance and Audit Committee. Detailed guidance on the transactions to be checked by the ROA are provided in The Academies Finance Handbook published by the DfE.

Register of Interests

212 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, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

213 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. 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 trustee, governor or a member of staff by that person.

214 The existence of a register of business interests (see Appendix B) does not, of course, detract from the duties of trustees, governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board, local governing bodies or a committee. Where an interest has been declared, trustees, governors and staff should withdraw from that part of any committee or other meeting.



3 Accounting system

- 301 All the financial transactions of the academy must be recorded on the Trust accounting system, PS Financials. The system is managed, maintained and operated by the Financial Director and the Finance staff in each academy and consists of:
- Nominal Ledger, including journals and Cash Book transactions;
 - Purchase Order processing;
 - Purchase Ledger;
 - Sales Ledger;
 - External Payroll system Payroll Services provider;

System Access

- 302 Entry to the accounting system is password restricted. The Financial Director and Business/Finance Managers are responsible for ensuring regular password changes are implemented by the system. *NOTE: Passwords should only be used by the individual concerned and under no circumstances passed on for use by other persons.*
- 303 Access to the component parts of the accounting system can also be restricted and the Financial Director and the Business/Finance Managers are responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 304 The accounting system is backed up on a daily basis by PS Financials.
- 305 The Financial Director and Business/Finance Managers are responsible for maintaining a month end file to include management reports, trial balances and supporting schedules, analysis and reconciliations.

Transaction Processing

- 306 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. Transactions must be input with the correct transaction date, even if the period to which the transaction relates is closed in the accounting system.
- 307 The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented on the journal form template, issued by the Financial Director, prior to being input to the accounting system. Bank transactions should be input by each Business/Finance Manager and the reconciliation of the bank to accounting system checked and signed to evidence this check, by the Financial Director on a monthly basis.
- 308 Detailed information on the operation of the accounting system can be found in the user manuals held at all Trust locations.



Transaction Reports

- 309 The Financial Director will review system reports, produced by the Business/Finance Manager's on a regular basis throughout a financial year, to ensure the integrity and completeness of the financial records, across each Trust location. The reports produced and reviewed will include:
- Audit trail reports;
 - Trial Balance;
 - Master file amendment reports for the payroll, purchase ledger and sales ledger.

Reconciliations

- 310 The Business/Finance Manager at each academy and the Financial Director for the Trust central office, is responsible for ensuring the following reconciliations are performed each month, and that any balances are substantiated. This is in line with the Month End instructions issued by the Financial Director:
- Sales ledger control account, with Aged Debtors;
 - Purchase ledger control account, with Aged Creditors;
 - Payroll control account;
 - VAT control account (s);
 - Bank balance per the nominal ledger to the bank statement;
 - Petty Cash control account to cash held in a lockable petty cash box;
 - Credit Card control to Credit Card statements;
 - Parentpay control – if applicable;
 - All Other Debtor and Other Creditor control accounts;
 - All suspense accounts/other control accounts.
- 311 Any unusual or long outstanding reconciling items must be brought to the attention of the Financial Director. The Financial Director will review and sign all reconciliations as evidence of this review.



4 Annual Financial Planning

- 401 The Trust Chief Executive Officer is responsible for preparing consolidated three year and annual financial plans for the Trust, as necessary, to include individual financial plans prepared by the Trust Head Office and by each academy, in collaboration with the Trust Financial Director and the Business/Finance Manager's, with a focus on educational outcomes, improving standards and achieving best value.

Academy Improvement Plan

- 402 The academy improvement plan is concerned with the future aims and objectives of each Trust academy and how they are to be achieved; that includes matching each academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.
- 403 The form and content of the academy improvement plan are matters for each Trust academy to decide, in collaboration with the Regional Director and Chief Executive Officer, but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE. Each year the Head teacher/Head of School of each academy should propose a planning cycle and timetable to the Local Governing Body of the academy. This would encompass a review of past activities, definition or redefinition of aims and objectives followed by the development of the new plan showing how they intend to move forward. A timetable will need to be prepared showing timescales and deadlines for each stage of the plan.
- 404 The completed academy improvement plan will include detailed objectives for the coming academic year and outline objectives for the following two years, to achieve improved pupil outcomes. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 405 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager will monitor performance against the defined success criteria throughout the year and report to the academy Leadership Team on a regular basis. The academy Leadership Team will report to the Local Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 406 The Financial Director is responsible for preparing and obtaining approval for the Trust annual budget. The budget must be reviewed in detail by the Finance and Audit Committee, in accordance with Sections 408 - 410 below. The budget must also be approved by the Trust Board.
- 407 The approved Trust budget must be submitted to the DfE by the due date each year and the Trust CEO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.



- 408 The annual budget will reflect the best estimate of the resources available to each Trust academy for the forthcoming year and will detail how those resources are to be utilised to ensure improvement in standards. There should be a clear link between the academy improvement plan objectives to improve standards overall and the budgeted utilisation of resources.
- 409 The budgetary planning process will incorporate the following elements:
- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
 - Review of other income sources available to the academy to assess likely level of receipts;
 - Review of past performance against budgets to promote an understanding of the academy cost base;
 - Identification of potential efficiency savings;
 - Review of the main expenditure headings in light of the academy annual action plan objectives to improve standards and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

- 410 Comparison of estimated income and expenditure will identify any potential surplus or deficit in funding. If deficits are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cost reductions need to be made. This may require the prioritisation of actions and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency, limited to 10% of GAG income to cover academy asset and ICT management costs, or alternatively allocated to areas of greatest need to improve standards. Where a school financial forecast is projecting a financial deficit, either in year or cumulatively then the Trust Board may decide to withdraw the Scheme of Delegation for that school until the projected deficit is recovered.

Finalising the Budget

- 411 Once the different options and scenarios have been considered, a draft budget will be prepared by the Business/Finance Manager at each academy for approval by the Head teacher/Head of School, the Regional Director, the Trust Financial Director, Trust CEO and the Trust Board.
- 412 The budget should then be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 413 The approved budget will only be amended in exceptional circumstances but regular forecasts will be prepared as required, to reflect actual financial performance to date and any changes to budgetary assumptions looking forwards.

Monitoring and Review

- 414 Monthly reports will be prepared and issued by each Business/Finance Manager at each academy and the Financial Director in accordance with the published timetable. The



reports will detail actual income and expenditure against budget, both for Budget Holders and at a summary strategic level for the academy Headteacher/Head of School, the Trust Financial Director, Trust Senior Leadership team and the Finance and Audit Committee.

- 415 Any potential overspend or underspend against the budget needs to be identified and dealt with at the earliest possible opportunity. They must, in the first instance, be notified to and discussed with the Financial Director. Payments must not be made against an overspent budget without the prior approval of the Trust CEO.
- 416 The monitoring process should be effective and timely in highlighting variances in the budget, achievement of the academy annual action plan outcomes and the effective and efficient use of resources, so that differences can be investigated and action taken where appropriate.

5 Payroll

- 501 The main elements of the payroll system are:
- Staff appointments/leavers/adjustments to pay;
 - Payroll processing and administration;
 - Payments to External agencies;
 - Reconciliation.

Staff Appointments

- 502 The Regional Director, in consultation with the Headteacher/Head of School recommends a staffing structure for each Trust academy for approval by the Trust Board, consistent with the approved annual budget. The Trust is responsible for ensuring that the academy Senior Leadership structure provides high quality leadership and management for each academy. Changes can only be made to this structure with the express approval in the first instance of the Trust Board who must ensure that adequate budgetary provision exists for any establishment changes.
- 503 The Headteacher/Head of School has authority to appoint staff within the approved academy staffing structure. Trust contract of employment templates are to be used for all new employees. Each academy must ensure that personnel files are maintained for all members of staff which include contracts of employment. Trust staff personnel files are to be maintained at the Central Office. All personnel changes, below senior leadership level must be approved in writing by the Regional Director, together with the Headteacher/Head of School and any senior leadership personnel changes must be approved in writing by the Trust CEO.

Payroll Administration

- 504 The academy payroll will be administered by an external payroll bureau, payroll services provider agency or internal system (the Payroll Service) as may be approved by the Trust.



Access to any system will be password controlled. Password control procedures and back-up arrangements are described in section two of this manual.

- 505 All staff are paid monthly through the approved payroll method. A master file is created for each employee which records:
- Salary;
 - Bank account details;
 - Taxation status;
 - Personal details;
 - Any deductions or allowances payable.
- 506 New master files can only be created and advised to the Payroll Service by the Business/Finance Manager at each academy and by the Financial Director with the express approval of the Regional Director, Headteacher/Head of School or Trust CEO as appropriate. Any master file amendments made by the Business/Finance Manager or delegated administrative member of staff at each academy will be authorised by the Headteacher/Head of School in advance of being processed. The Regional Director, Headteacher/Head of School or Trust Director may not authorise alterations concerning their own contractual and pay conditions. Authorisation must be made respectively by the Chair of the Trust Board or a delegated Trustee.
- 507 Monthly payroll input documentation must be checked and approval evidenced in writing by at least two people, including the Headteacher/Head of School and/or the Business/Finance Manager for each academy and the Trust Financial Director for Trust Head Office staff, as appropriate. Monthly payroll reports are to be filed with written evidence of any new starters, leavers, contractual amendments, casual claims, overtime claims, etc.

Payments

- 508 All monthly payroll data must be reconciled by the Business/Finance Manager at each academy or by the Trust Financial Director for Central Office staff to agree salary, national insurance, superannuation and other deductions to the underlying records.
- 509 If a salary advance has been requested and approved then this should be paid directly from the bank account, either via BACS or by cheque, and the amount recovered via the payroll over a maximum period of six months.
- 510 All salary payments are usually made by BACS, in exceptional circumstances CHAPS payments or cheques will be issued following confirmation of amount from the payroll provider.
- 511 All payments made each month to the Payroll Services provider, together with notification of payments made to outside agencies are to be debited against the relevant budgets and credited to the Payroll Control Account. After the appropriate BACs transfers and the corresponding entries in the Payroll Control and Bank Accounts are made, the balance in the Payroll Control Account should be nil. If this is not the case any difference should be noted and explained. It is the responsibility of the Business/Finance Manager at each academy and the Trust Financial Director for the Central Office to ensure this is done.



- 512 Each month, checks will be made from the personnel records maintained by the Academy to the payments actually made by Payroll Services provider. All staff members will be checked.
- 513 Copies of all individual notifications to the Payroll Services provider will be filed in the personal file/Payroll Output file of the staff member concerned and kept secure.
- 514 Copies of approved academy payroll reports to be reviewed each month by the Financial Director.
- 515 Any contract for the services of a Payroll Service provider will be reviewed regularly to ensure that each academy is getting value for money and that the provider is giving adequate service.
- 516 The Responsible Officer Audit service and the Trust Financial Director will carry out regular management checks to ensure that all the internal control mechanisms shown above are in place and are being adhered to, and to ensure the accuracy of all payroll working papers.

6 Purchasing

601 The Trust wants to achieve the best value for money from all purchases. This means they procure goods and services of the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of open procurement:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

Please refer to the Trust “Procurement of Supplies and Services Policy and Framework” for more details of open procurement procedures and protocols.

Routine Purchasing

602 As a general principal Trust procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes and value for money is obtained in respect of all goods and services.

603 Budget Holders will be informed of the budget available to them at the start of the Academic/Financial year. It is the responsibility of the Budget Holder to manage the budget and to ensure that the funds available are not overspent.



- 604 Budget Holders will be responsible for making the first request for the purchase of goods or services from their own budgets, once they have determined that their budget has sufficient funds to meet the order. This may be done by means of an internal order form which will be sent to the relevant Business/Finance Manager for processing. However, the preferred solution is for Budget Holders to place their order directly via the accounting system, where practical, subsequently authorised by a Purchase Order approver, e.g. Headteacher/Head of School.
- 605 On receipt of the internal order form or the order via the accounting system, the Business/Finance Manager or designated approver will check that the appropriate budget has sufficient funds to meet the order. Where sufficient funds are identified, an official, sequentially numbered Purchase Order will be authorised and sent to the supplier/contractor.
- 606 Any urgent order that is placed verbally should be entered on the accounting system as soon as possible so that a Purchase Order can be set up to raise the financial commitment.
- 607 There will be some items of expenditure where it is not practical to raise a Purchase Order on the accounting system, including:
- One off purchases with a value less than £100;
 - Cash purchases;
 - Utility charges;
 - Telecom charges;
 - Council tax;
 - Payroll fees;
 - Bank charges etc.
- 608 For orders in respect of the supply of goods and services the following procedures shall be adopted unless the Headteacher/Head of School or the Business/Finance Manager at each academy is satisfied that it would not be practicable to do so (in which case a record of each waiver to this instruction must be authorised by the Trust Financial Director or the CEO and retained on file).
- 609 Goods ordered should be processed using the accounting system purchase ordering procedure unless in exceptional circumstances authorised by the Regional Director or the Headteacher/Head of School. The general process is as follows:
- Purchase order to be entered on the system by the Budget holder/Administrative support staff or the Business/Finance Manager or by any other appropriate person assigned that task;
 - Order to be checked for accuracy and approved by the Headteacher/Head of School, Budget Holder or any other assigned senior management person in line with their approval authority;
 - When the goods are received they are checked for quality, damage, any discrepancies or shortfalls and the goods received note is signed. The details received are entered on to the system and matched with the order. Any discrepancies, or other issues regarding the received goods, noted at this stage should be communicated promptly to the supplier. The goods received note must be signed as checked and approved and



- passed to the Business/Finance Manager for filing with the Purchase Order to await receipt of the invoice, or the discrepancies clearly identified;
- When services are received then the person authorising the invoice for payment must make sure that the service was received and to the standard required;
- When the purchase invoice is received by the Business/Finance Manager the totals should be checked against the order and once again any errors or discrepancies followed up with the supplier;
- The Business/Finance Manager should ensure that only live orders are on the system and to this end an ordering report should be run off the system at least monthly. Any cancelled orders should be removed from the system at this stage.

Routine Purchasing of up to £10,000 (Excluding VAT)

- 610 It is the responsibility of the Budget holder to manage their budget and to ensure that the budget funds available are not overspent. A print or e-mail of their account detailing actual expenditure against budget should be forwarded by the Business/Finance Manager each month and Budget holders must keep their own records of orders placed but not received and this will also be available from the accounting system. Any errors or miscoding reported to the Business/Finance Manager by the Budget holder must be investigated and corrected promptly.
- Quote/s or price must always be obtained before any order is placed in line with the procurement instructions to be found in the Procurement of Supplies and Services Policy and Framework;
 - Information regarding orders is to be sent to the Business/Finance Manager and approval on the system is to be carried out by the Budget holder or another assigned senior person;
 - The Business/Finance Manager must make appropriate arrangements for the delivery of goods to the academy. On receipt a detailed check should take place of the goods received against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN before distributing the goods;
 - If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the Business/Finance Manager will record this on the Purchase Ordering system;
 - All supplier invoices received should be sent directly to the Business/Finance Manager. The Invoice will be date stamped, coded and approved and then entered onto the accounting system, or if there is no order (to be kept to a minimum) as a non-order invoice. The Business/ Finance Manager will, using the information already on the accounting system, evidence the following: invoice arithmetically correct; goods/ services received; goods/services received as ordered; prices correct, in accordance with the purchase order.
- 611 If a Budget holder is pursuing a query with a supplier the Business/Finance Manager must be informed of the query and periodically kept up to date with progress.
- 612 At regular intervals e.g. twice monthly the Business/Finance Manager will produce a payment list from the accounts payable ledger and this list together with supporting documentation i.e. invoices/credit notes, will be submitted to the payment authorisers' for



them to review and approve the payments. The Business/Finance Manager will either upload a payment list onto the bank payment portal for the BACs run. A similar process takes place for a cheque run with a payment list being reviewed before the cheques are written/printed. Payment by BACs is to be encouraged but there may be some instances where a cheque will need to be raised.

- It is important that the correct payment terms are entered on to the supplier records on PSF during the setting up of new suppliers so that invoices are paid only when they are due, in accordance with the agreed payment terms;
- The first payment approver would usually be the Business/Finance Manager and the second approver the Headteacher/Head of School in line with the nominated bank signatory list;
- A copy of the payment list and documents generated during the BACs process must be kept on file in date order;
- If manual cheques are raised the details of the payee and amount must be noted on the cheque stub.

Cheques will be dispatched to suppliers by the Business/Finance Manager with a supporting remittance advice. BACs payments will be notified to suppliers by email.

Non-order purchases must have the prior approval of the Business/Finance Manager. Non-order purchases must be kept to a minimum and should only take place when it will affect a smooth running of an activity. Any supplier statements received should be checked shortly after receipt and agreed with the supplier account on the accounting system. Missing invoices or other discrepancies should be followed up with the supplier.

Orders over £10,000 and up to £100,000 (exc. VAT) – Formal Tender

613 Orders over £10,000 and up to £100,000 should be handled in line with the procedures in the Procurement of Supplies and Services Policy and Framework. Telephone quotes are acceptable if these are evidenced and faxed/e-mailed confirmation of quotes has been received before a purchase decision is made.

614 For academy orders the Business/Finance Manager will authorise orders up the value of £1,000. For academy orders between £1,000 and £5,000 the Headteacher/Head of School, Regional Director , or the CEO or the Financial Director will authorize the order (only one signature required). For academy orders between £5,001 and £25,000 the Regional Director, the CEO and/or the Trust Financial Director will authorize the order (two signatures required). For academy orders between £25,001 and £50,000 the Finance and Audit Committee can approve the order. In all of the above cases the order must be in accordance with the approved academy/Trust budget. All other orders required the approval of the Trust Board.

Orders over £10,000 (ex VAT)

615 All goods/services ordered with a value over £10,000 must be subject to formal tendering procedures. Contracts for supplies and services over £150,000 (threshold from 01/01/2015 – applies for two years) excluding VAT and £300,000 for utilities fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Ordering



goods to a value which will or may exceed £25,000 must be discussed with CEO prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

- 616 For all detailed guidance on tendering and procurement please refer to the AAT Procurement of Supplies and Services Policy and Framework.

Contract agreement

- 617 Contracts with a lifetime value of up to £25,000 must be signed by two of the following signatories: the CEO, Regional Director, together with the Headteacher/Head of School.
- 618 Contracts with a lifetime value between £25,001 and £50,000 may be authorized by the Finance and Audit Committee.
- 619 All contracts with a lifetime value of over £50,001 must be authorised by the Trust Board.
- 620 Each academy will maintain an up to date, complete and accurate Contracts, Agreements and Leases register, together with associated documentation.

Forms of Tenders

- 621 Please refer to the Trust Procurement of Supplies and Services Policy and Framework for more details on tendering procedures.

Goods Received and Invoicing

- 622 The Business/Finance Manager in each academy and the Trust Financial Director at the Trust Central Office must make appropriate arrangements for the delivery of goods to each academy or Central Office, respectively. On receipt there must be a detailed check of the goods received against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 623 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business/Finance Manager should be notified. Any goods returned to suppliers will be noted on the relevant order in the accounting system.
- 624 All invoices received, are sent to the relevant Budget Holder to be checked against the original order for accuracy. The Budget Holder signs to approve payment of the invoice and returns to the Business/Finance Manager for processing. Budget Holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 625 If a Budget Holder is pursuing a query with a supplier the Business/Finance Manager must be informed of the query and periodically kept up to date with progress.
- 626 The Business/Finance Manager will input details of payments to be made to the purchase ledger and generate the cheques/BACs required. Any payments made will require two signatories in accordance with the relevant bank mandate.
- 627 Cheques and/or Remittance Advices will be dispatched to suppliers by the Business/Finance Manager who will ensure any invoices are scanned and filed.



- 628 Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice “copy invoice not previously passed for payment” and signing. Under no circumstances are payments to be paid against supplier statements.
- 629 Supplier statements should be reconciled on receipt and any differences or missing invoices or credit notes followed up in a timely manner.

Purchase Cards/Corporate Charge Cards

- 630 Purchase or Corporate Charge cards are not considered to infringe the borrowing restrictions imposed on academies, providing any balance is cleared in full at the end of each month.
- 631 The academy Business/Finance Manager or the Trust Financial Director will be responsible for administering the signing in and out of card.
- 632 A direct debit will be set up between the bank and charge card provider to clear the monthly balance in full.
- 633 All purchases made using a purchase card must be authorised in the same way as any other purchase with an official order being raised and a commitment entered onto the accounting system prior to the purchase. Purchase Order numbers should be quoted on any charge card purchase.
- 634 Purchase receipts will be returned from card user to the Business/Finance Manager as soon as is practically possible, who will reconcile receipts on a monthly basis against the statements and subsequently against the bank direct debit charge.
- 635 When not with the academy Business/Finance Manager or the Trust Financial Director the purchase/corporate charge card will be kept in the academy/Central Office secure locked storage facility.
- 636 Persons nominated to be authorised academy card holders/users are:
- Headteacher/Head of School;
 - Business/Finance Manager.

Internet Purchasing Procedures

- 637 Internet Purchases are only to be made if there is a benefit to the academy e.g. cheaper price / discount; better delivery time; product is unique to particular supplier.
- 638 All internet purchases are made by the Budget Holder or the Business/Finance Manager, supported by a completed Purchase Order request form, approved in accordance with the Scheme of Delegation. Each internet purchase must be accompanied by a printed confirmation sheet detailing products purchased the date and total cost to the academy.
- 639 Requests should be made to the Business/Finance Manager from the Budget Holder in the normal manner. An official Purchase Order should be raised on the accounting system and



authorised by the academy Headteacher/Head of School or the Trust Financial Director as appropriate. It is the responsibility of the Budget Holder to ensure the internet is the most appropriate means for procurement. Where possible the official Purchase Order number should be quoted on the internet order as a cross reference. The internet order must be raised in the name of the academy with the academy's address, not to an individual.

7 Income

701 The main sources of income for the academy are the grants from the DfE. The receipt of the gross grants is monitored directly by the Trust and the academy Business/Finance Manager who is responsible for ensuring that all grants due to the academy are collected. Copies of all supporting documentation for any grant bid for or received to be sent to the Trust Central Office.

702 The academy also obtains income retained on behalf of the Trust from:

- Pupils and their parents, mainly for catering, trips, music tuition, etc;
- The public, mainly for lettings, school events.

The Trust has implemented Parentpay to provide a means of managing electronic funds transfers from parents/carers and students directly into the academy bank account.

703 Where required, Sales Invoices will be issued. Due regard must be given to ensure that VAT is accounted for appropriately. If in doubt then clarification should be sought from the Financial Director. The academy Business/Finance Manager or the Trust Financial Director, as appropriate, are responsible for issuing Sales Invoices.

704 The academy Business/Finance Manager or Trust Financial Director, as appropriate, shall ensure that all invoices are properly accounted for and that all monies due to the academy or Trust, respectively, have been collected.

705 All income received should be recorded immediately and entered onto the accounting system. A control schedule to be maintained that clearly identifies the payor, the pupil concerned where appropriate, and the monies/cheques banked.

706 All income in respect of significant Trips/Activities (where instalments are necessary) shall be acknowledged by the collector to the payer, either by means of an issue of an official receipt or by signing an official record card.

707 All monies received must be banked intact as soon as is practicable, in a single academy bank account. Due regard must be taken to not exceeding the limits set for insurance purposes of cash held on the premises. It is not appropriate to use monies received to "top up" petty cash balances, or other cash balances. Any required cash "top ups" to only be made via authorised cash withdrawals from the bank account. It is not appropriate to use monies received to make payments therefrom. All income receipts to be banked intact and expenditure made via the petty cash system, replenished directly from the bank account.



- 708 All cheques banked must be entered on a bank paying-in slip, into the academy bank account or central Trust bank account as appropriate.
- 709 For normal day-to-day transactions the Business/Finance Manager will be responsible for receiving and banking income.

Trips

- 710 The Trust utilizes the ESCC offsite trips and events support service, to facilitate the management of Trips, including the proper authorisation of risk assessments. A lead teacher must be appointed for each trip to take responsibility for management of the trip, the collection of sums due and the payment of trip expenditure. For each trip the lead teacher will produce a budget plan which needs to be approved in advance of the trip by the Headteacher/Head of School, with a copy to the academy Business/Finance Manager. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the academy Business/Finance Manager.
- 711 Pupils should make payments to the office where pupil services are provided, rather than to an individual member of staff. All payments should be passed to the academy Business/Finance Manager on a daily basis.
- 712 The academy Business/Finance Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

Lettings

- 713 The academy Business/Finance Manager is responsible for maintaining records of bookings of community facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities for all customers. Due regard must be given to ensure that VAT is accounted for appropriately. If in doubt then clarification should be sought from the Trust Financial Director.
- 714 Details of organisations using the community facilities should be recorded on an appropriate system. The academy Business/Finance Manager will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments made and outstanding accounts will be promptly recorded on the accounting system. The nominated manager is responsible for ensuring that no use is made of the facilities unless payment has been made. The Business/Finance Manager will chase outstanding debts on a monthly basis.
- 715 No debts should be written off without the express approval of the Finance and Audit Committee for amounts up to £1,000 and the Trust Board over £1,000.
- 716 Organisations using the community facilities should be instructed to remit all payments to the academy Business/Finance Manager or by electronic transfer to the academy bank account.



Custody

- 717 Receipts will not be issued for cash/cheque payments received unless they are in respect of an academy trip/activity which has a significant value (over £100). A separate record of payments received is recorded separately for that trip/activity. This is reconciled against cash received overall. All cash and cheques must be kept securely by the academy Business/Finance Manager prior to banking. Banking should take place every week or more frequently to ensure the sums collected do not exceed the insurance limit.
- 718 Monies collected must be banked in their entirety in the appropriate bank account. Due regard needs to be taken of the limits under the insurance policy for the retention of monies on site. Wherever possible, cash collection facilities need to be put in place as individuals should not be made responsible for carrying large amounts of money to the bank branch for lodgement.
- 719 The academy Business/Finance Manager or Trust Financial Director, as appropriate, are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly and must be reviewed and certified by the academy Business/Finance Manager or Trust Financial Director, as appropriate.

Debt Management

- 720 Unless specifically detailed on the invoice, payment terms will be 30 days.
- 721 The following process shall apply where payment is not received:
- 30 days after original invoice issued – *first reminder letter*;
 - 2 weeks after first reminder letter – *second reminder letter issued*;
 - 2 weeks after second reminder letter – *Debt referred to the Financial Director*;
 - At this point (*60 days- referral to the trust legal advisors may be made if appropriate*).
- 722 Personnel authorised to write off bad debts are outlined in Appendix A:
- Finance and Audit Committee up to £1,000;
 - Trust Board over £1,000 up to 2.5% of total annual income.
- Beyond these figures the Trust must obtain prior approval of the Secretary of State.

8 Cash Management

Bank Accounts

- 801 The opening of all accounts must be authorised by the Trust Board who must agree the arrangements covering the operation of accounts, including the arrangements for payment authorisation.



802 The operation of systems such as BACS and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

803 Particulars of any deposit must be entered on a paying in slip and should include the amount of deposit and a reference such as an invoice number or the name of the debtor.

Payments and Withdrawals

804 All cheques and other instruments authorising withdrawal from academy bank accounts or the Trust bank account, as appropriate, must bear the signatures of two of the following authorised signatures in accordance with the bank mandate.

805 This provision applies to all bank accounts operated by or on behalf of the Trust

Administration

806 The Business/Finance Manager must ensure electronic or paper bank statements are received regularly and that reconciliations are performed at least weekly. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the accounting system;
- Reconciliations are prepared by the academy Business/Finance Manager or Trust Financial Director, as appropriate, and reviewed by the Trust Financial Director or CEO, respectively;
- Any discrepancies or adjustments are dealt with promptly.

Petty Cash Accounts – maintained on an Imprest system

807 Wherever possible any payments should be made to staff via BACs. However any Trust location may maintain a maximum Petty Cash balance of £500 for emergencies or where BACs would not be suitable. The Petty Cash is administered by the relevant Business/Finance Manager and is kept in a locked box in the academy safe.

808 Expenditure paid through petty cash should not exceed £50 on any one item, and not exceed £100 in any one week to any one individual. IOU's to be avoided where possible but if a salary advance is required and approved then this should be paid directly from the bank account, either via BACS or by cheque and the amount recovered via the payroll over a maximum period of six months. Requests for amounts above this limit can only be authorised by the Regional Director, Trust Financial Director or the CEO, as appropriate.

809 All purchases made through petty cash, should be pre-authorised by the Budget Holder or the Business/Finance Manager. Purchases made by the Headteacher/Head of School must be pre-authorised by the Regional Director or another Trust Director.

810 The Business/Finance Manager is responsible for the prompt entry of transactions onto the accounting system. The Business/Finance Manager will be responsible for the monthly reconciliation of petty cash. The Financial Director will periodically check the petty cash reconciliations.



Cash Flow Forecasts

- 811 The Business/Finance Manager, together with the Financial Director is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. Support for this function is facilitated by registration to 'online' banking which is for viewing balances only. If significant balances can be foreseen, steps should be taken to invest the extra funds via the academy investment policy. Similar plans should be made to re-profile annual spending plans to cover potential cash shortages.
- 812 The cash flow forecasts to be submitted to the Trust Senior Leadership team for their review.

Investments

- 813 Investments must be made only in accordance with the written policy approved by the Trust Board.
- 814 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9 Fixed Assets

Asset Register

- 901 All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in an asset register subject to the conditions of the Asset Policy. The asset register should include the following information:
- Asset description;
 - Asset number;
 - Serial number;
 - Date of acquisition;
 - Asset cost;
 - Source of funding;
 - Expected useful economic life;
 - Depreciation method/% straight line; buildings depreciated over 50 years, furniture, fixtures and equipment depreciated over 5 years, ICT equipment depreciated over 3 years;
 - Current book value;
 - Location.
- 902 In addition each academy to maintain an inventory of assets that are not capitalised and have no value against them, in order that all academy fixtures, fittings and equipment, including ICT equipment, are recorded.



- 903 The Asset inventory helps:
- Ensure that staff take responsibility for the safe custody of assets;
 - Enable independent checks on the safe custody of assets as a deterrent against theft or misuse;
 - To manage the effective utilisation of assets and to plan for their replacement;
 - The external auditors to draw conclusions on the annual accounts and PS Financials;
 - Support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

- 904 All the items in the asset management system should be permanently and visibly marked as the academy's property and there should be a regular annual count by someone other than the person maintaining the asset management system. Discrepancies between the asset management system and the physical assets should be investigated promptly and where significant reported to the CEO and Trust Financial Director.

Disposals

- 905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Regional Director, together with the Head teacher/Head of School, and where significant should be sold following competitive tender (if reasonable to do so and generally worthwhile in terms of time spent versus gains made). The academy must seek approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.
- 906 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licenses for software programmes have been legally transferred to the new owner.
- 907 The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the DfE a proportion of the sale proceeds,
- 908 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

- 909 Items of academy property must not be removed from academy premises without the authority of the Headteacher/Head of School. The Business/Finance Manager to be notified of such asset movements.
A record of the loan must be made.
- 910 If assets are on loan for extended periods of time or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Asset loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.



AURORA ACADEMIES TRUST

SCHEME OF DELEGATION

Revised December 2016

Scheme of Delegation Principles

The Trust Scheme of Delegation is based on the principle that whilst the Trust is ultimately responsible for the operation of the Trust, decisions are best made by those responsible for ensuring that the needs of all pupils are best met.

The Trust has delegated certain financial responsibilities to the Trust Finance and Audit Committee but not to either the Regional Standards Councils (RSC) or Local Academy Boards (LABS). The Trust wants the RSC's and LAB's to be aware of the financial position of each school in order to support their decision making but wants these bodies to be focussed on improving teaching and learning standards and maximising pupil progress and attainment and not the operation of each school in the Trust.

The Scheme is structured to reflect the lines of responsibility between the Chief Executive officer, the two Regional Directors, Headteachers/Head of School, the Trust Financial Director and the Business/Finance Managers.

In terms of policies, there will be Trust policies in place that are applicable across the Trust, whether statutory or operational, supported by separate academy policies and procedures to meet local operational requirements. These policies are separately recorded and maintained by the Clerk to the Trust Board, together with their renewal dates.



Withdrawal of the Scheme of Delegation

The Trust Board can withdraw the Scheme of Delegation either for an individual school or across the Trust. It may withdraw the Scheme of Delegation under the following circumstances:

- 1 There are concerns about financial matters including budgeting or forecasting deficits
- 2 There are breaches of the Scheme of Delegation
- 3 Adverse OFSTED or HMI reports are received
- 4 A school does not meet its pupil progress and/or attainment targets and/or is below national floor targets
- 5 There has been a breakdown in the operation of a school, for whatever reason
- 6 The safety of pupils and/or staff is threatened, including a breakdown in discipline

Area of Responsibility	Level of Responsibility				
	Trust Board	Finance, Audit and Human Resources Committee	CEO	Financial Director	Other
Financial Management					
Ensure the Trust's continuing compliance with Academies Financial Handbook			✓		
To review the Trust's Financial Procedures Manual and all corresponding financial policies for approval by the Trust board		✓			



biennially					
Approval of the Trust's Financial Procedures Manual	✓				
Ensure that all relevant financial updates are brought to the attention of the Finance Committee /Trust board				✓	
To consider all relevant financial updates and advise the Trust board of any issues affecting the Trust's financial administration		✓			
Three year financial planning					
Prepare a three-year consolidated budget for the Trust				✓	
Consider the three-year consolidated budget for the Trust		✓			
Approve the three year consolidated budget and review this document in the light of any significant factors that come to the attention of the Trust Board	✓				
Annual financial planning					
Undertake benchmarking exercises on an annual basis for review by the Finance Committee				✓	
Consider the benchmarking work undertaken by the Trust and propose changes, as required, to ensure that the Trust budget achieves value for money		✓			



Prepare the draft academy budgets based on the agreed objectives of the Trust as set out in the strategic plan, the academy improvement plans and Trust three year plan				✓	Business/Finance Managers
Consider the draft Trust and academy budgets		✓			
Approve the Trust and academy budgets	✓				
Prepare a timetable with key dates for annual budget management				✓	
Ensure that meetings are timetabled taking into consideration financial deadlines			✓		
Monthly financial reporting					
Prepare monthly management accounts for the Trust and academies showing expenditure against budget				✓	Business/Finance Managers
Review the monthly management accounts and any projected surplus or deficit		✓			Trust Executive Team and Headteachers



Budget Monitoring and Control					
Monitor and control expenditure against the budget during the financial year			✓ (central budget)	✓ (all budgets)	Trust Executive Team, Headteachers, Head of School, Business/Finance Managers (school budgets)
Withdraw Scheme of Delegation in the event of projected in year and/or cumulative deficits at any individual school/central office	✓				
Ensure that any trading activities are separately monitored and reported to the Trust Board				✓	
Financial Reporting to the Education Funding Agency					
The preparation of the annual financial statements and other financial returns required by the EFA, including the annual Budget Forecast Return				✓	
The preparation of other returns required by Companies House					Company Secretary
Approve the audited annual financial statements and any financial returns required by the EFA	✓				



Audit Reports					
Produce a formal response to the annual financial statements management report and Responsible Officer audit reports, together with an action plan showing how the recommendations will be implemented				✓	
Consider the recommendations set out in any auditor's report and the action plan proposed by the Finance Director for implementing these		✓			
Ensure that the recommendations agreed by the Trust have been implemented		✓	✓	✓	
Retention and Disposal of Accounting Records					
Ensure maintenance of complete financial accounts and full supporting records for all accounts				✓	Business/Finance Managers
The retention, secure storage and disposal of accounting records in accordance with both legal and EFA requirements				✓	Business/Finance Managers
The maintenance of full financial records for all accounts				✓	Business/Finance Managers
Financial Systems					
Undertake an annual review of the controls within the Trust's financial systems				✓	Trust Executive team



Banking Arrangements					
The signing of cheques or authorisation of BACS payments (two signatories always required) <i>NB the cheque/BACS signatory must have no connection to the cheque/BACS payee</i>			✓	✓	CEO, Regional Director, Headteachers, Head of School, Business/Finance Managers
Use of Trust corporate cards for purchasing goods up to the card limit of up to £2,000 per month			✓		Headteachers, Head of School and Business/Finance Managers
The control and reconciliation of the academy bank accounts for consideration by the Finance Director				✓	Business/Finance Managers
Approve the bank reconciliation on a monthly basis.				✓	Headteacher, Head of School
Petty Cash					
Agree an appropriate amount of petty cash to be held and the periodic check of completeness of financial records				✓	Business/Finance Managers
The maintenance of accounting records, the security and regular reconciliation of petty cash.					Business/Finance Managers



Personnel and Payroll					
Review and approve the staff structure of the Trust and academies annually, as supported by the approved annual budget	✓				
Appointment of Trust senior leadership team members	✓		✓		
Appointment of School senior leadership team members	✓		✓	✓	Trust Board and CEO re Headteachers, Head of School - CEO and Regional Directors for Deputy Headteachers and Assistant Headteacher appointments
Approval of performance related pay policy	✓				
Recruitment of main scale teaching and all support staff, apart from managers, within the agreed staff structure of the academies			✓		Headteachers, Head of School
Recruitment of all other school leadership scale staff and school support staff Managers within the agreed staff structure of the academies				✓	Regional Directors



Recruitment of staff beyond the agreed staff structure of the Trust and academies		✓			
The filing and storage of personnel and pay records (including person specifications and interview notes for a least 12 months).					Business/Finance Managers for school staff and the Finance Director for Trust staff
Authorise pay increases for academy staff in accordance with the performance related pay policy				✓	Regional Directors
Authorise pay increases for academy staff outside of the performance related pay policy			✓		
Authorise pay increases for Trust staff, not at Director level			✓		
Authorise Trust Director and CEO pay increases	✓				
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc)			✓ (Central staff)		Headteacher, Head of School
Implement the Trust pay policy and appointment procedures for all staff employed by the Trust			✓	✓	Trust Executive Team, Headteachers, Head of School



Monthly payrolls to be approved both pre-run and post run having been compared to the previous month payroll plus authorized changes				✓	Headteacher, Head of School
Purchasing – provision of goods and services					
Approve procurement policy	✓				
Monitor purchasing regulations to ensure compliance by the Trust		✓		✓	
Maintain a contracts register for the Trust				✓	Business/Finance Managers
Act as Contract Manager and monitor contracts on an on-going basis				✓	Business/Finance Managers
Review contracts on an on-going basis (and as part of ensuring the Trust continues to achieve 'best value')			✓	✓	Headteachers, Head of School, Business/Finance Managers
Ensure that a minimum of three written quotes are obtained for purchases and contracts valued at over [£1,000 and up to a value of £10,000			✓	✓	Headteachers, Head of School, Business/Finance Managers



Ensure that a minimum of 3 tenders are obtained for purchases and contracts valued between £10,001 and £100,000			✓	✓	Trust Executive Team, Headteachers, Head of School, Business/Finance Managers
Ensure that EU regulations are applied for all contracts over the EU threshold	✓				
Leasing					
The maintenance of a register of all operating leases held by the Trust (other types of leases or borrowing is prohibited)				✓	Business/Finance Managers
Orders for Goods and Services and Payment of Accounts					
The maintenance of an authorised signatory list for orders (subject to the limitations agreed)				✓	Business/Finance Managers
The authority for the signing of official orders for the purchase of goods and services up to £1,000 (one signatory required)					Headteacher, Head of School, Business/Finance Managers
The authority for the signing of official orders for the purchase of goods and services between £1,000 and £5,000 (one signatory required)			✓	✓	Headteachers, Head of School



The authority for the signing of official orders for the purchase of goods and services between £5,001 and £25,000 (two signatories required)			✓	✓	Regional Directors
The authority for the signing of official orders for the purchase of goods and services between £25,001 and £50,000		✓			
Academy charge card statements to be authorised				✓	Regional Directors
VAT					
To monitor the regulations on VAT, ensuring compliance by the Trust.				✓	
To complete and submit the reimbursement claim for VAT				✓	
The signing of the VAT reimbursement claims				✓	
Income					
Approve the charging policy		✓			
Draw up proposed charges for the various areas of Trust income, including lettings on an annual basis					Business/Finance Managers
Approve the annual review of charges for the various areas of Trust income		✓			



Set suitable controls for the recording and collection of monies due					Business/Finance Managers
The control and collection of all income					Business/Finance Managers
The preparation of receipts for banking					Business/Finance Managers
The physical banking of monies					Business/Finance Managers
Income					
Approve procedures for chasing outstanding income due to the Trust (debt recovery policy)		✓			
Write off bad debts	>£1,000	< £1,000			
Ensure the security of monies held on site				✓	Business/Finance Managers
Security of Assets, Stocks and Other Property					
Produce and implement a policy for security arrangements at the Trust (including procedures for call-out and key replacements)				✓	
Approve and periodically review the policy for security arrangements at the Trust		✓			



To determine a value above which assets should be recorded on the Trust's inventory.		✓		✓	
Ensure the physical security of the Trust's assets, and maintain and periodically inspect an up-to-date inventory.				✓	
To determine a value above which discrepancies in the inventory should be reported to the Finance Committee.	✓				
The physical inspection of the inventory on an annual basis or through an on-going programme of (random) sample checks.				✓	
Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land buildings.	✓				
Authorise items for disposal above a value of £5,000		✓			
Maintain a register of key holders.			✓		Business/Finance Managers and Site Managers
Insurance					
Initiate adequate insurance cover for the Trust, and maintain a register of policies taken out.				✓	
Undertake an assessment of risk management for insurance purposes at the Trust.		✓		✓	



Health and Safety					
Ensure an appropriate health and safety policy is in place and is reviewed at least annually ¹	✓				Regional Standards Council/Local Academy Boards
Safeguarding					
Ensure appropriate safeguarding procedures are in place and review such procedures at least annually ²	✓				Regional Standards Council/Local Academy Boards

¹ See DfE guidance “Health and Safety: advice on legal duties and powers” February 2014 and HSE guidance at <http://www.hse.gov.uk/services/education/index.htm>

² See DfE guidance “Keeping children safe in education” September 2016

