



# CMAT FINANCIAL PROCEDURES MANUAL

*A thriving family of  
schools who work  
together to celebrate  
differences, and  
support each other in  
pursuit of excellence.*

## DOCUMENT CONTROL

<b>This document has been approved for operation within:</b>	All Chancery schools		
<b>Responsible Officer:</b>	CFO		
<b>Approved by:</b>	Finance and Resources Committee		
<b>Approval date:</b>	22 April 2024		
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<b>Review period:</b>	1 Years	<b>Version:</b>	4

### Summary of changes within this version

Content has been updated to reflect current systems and practice.

Sections have been included to highlight the intended audience and the information has been re-ordered.

Changes have been made to BACS approvers and payment frequencies to reflect the move to one bank account.

Clarification added to maintaining fixed asset registers for insurance and depreciation purposes. The capitalisation limit has been increased to £2000.

A Financial Scheme of Delegation has been included in Appendix 1.

A copy of the month end procedures have been included in Appendix 2.

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School finance staff must read sections in pink as a minimum but it is recommended they are aware of the entire manual.

Governors and Directors should be aware of blue sections.

## **Statement of Intent**

It is important for Chancery Multi Academy Trust to demonstrate that we use public money appropriately. To ensure that the financial standing of the trust cannot be brought into disrepute, this policy will be implemented by all academies within the trust, guaranteeing consistency in financial procedures across the academies.

This policy applies to all employees in the trust, governors, trustees and members, as well as services and goods sourced from external agencies, such as contractors and caterers.

The trust takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.

## Part 1 - Legal Framework, Roles and Responsibilities

### 1. **Legal Framework**

1.1 This policy has due regard to all relevant legislation and statutory guidance, including, but not limited to, the most recent editions of the following:

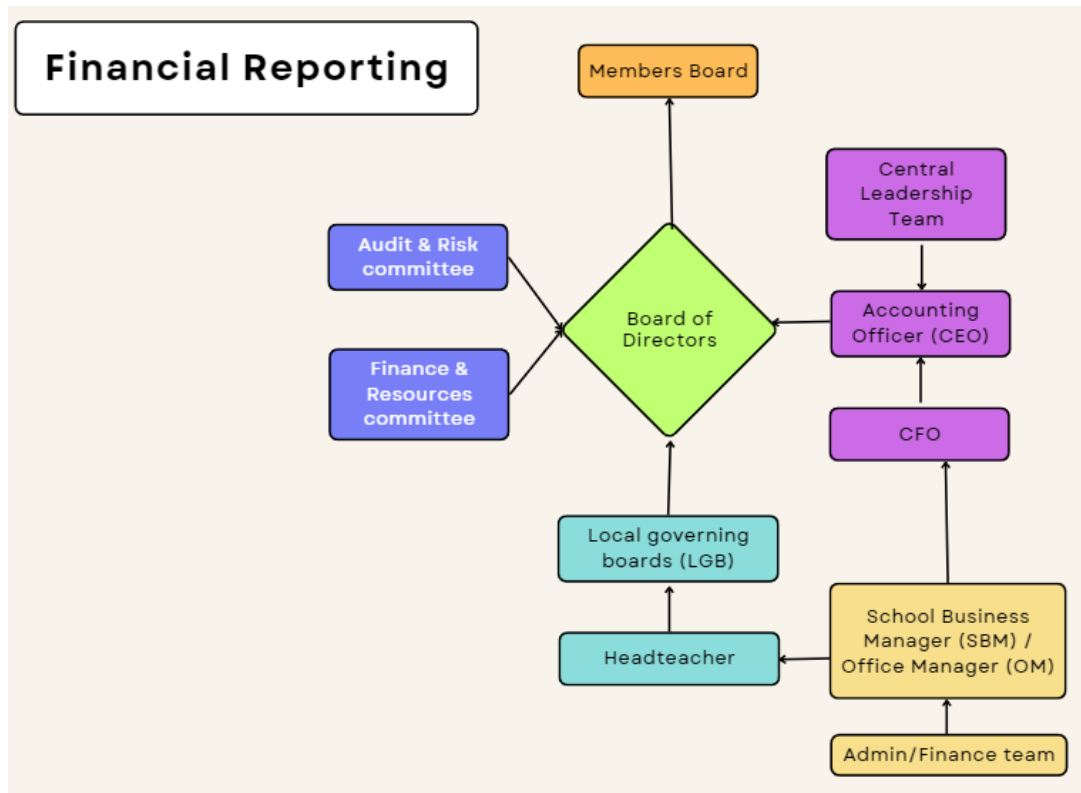
- [Academy Trust Handbook](#)
- [Academy Trust Governance Guide](#)
- [Academies Accounts Direction](#)
- Academy Trust Funding Agreement

1.2 This policy operates in conjunction with the following Trust policies and documents:

- Teachers' Pay Policy
- Pay Policy for School Support Staff
- Charging and Remissions Policy
- Debt Management Policy
- Conflicts of Interest Policy
- Reserves and Investment Policy
- Tendering and Procurement Policy
- Pooled Funding and Appeals Policy
- Risk Management Policy
- Gifts, Hospitality and Anti-Corruption Policy
- Safer Recruitment Policy
- Data Protection Policy
- Cyber Plan
- Accounting Policies
- Whistleblowing Policy
- Governance Framework and Scheme of Delegation
- Articles of Association

### 2 **Roles and Responsibilities**

- 2.1 The Chancery Multi Academy Trust has defined the responsibilities of each person or group of people involved in the administration of the trust's finances to avoid duplication or omission of functions and to provide a framework of accountability for members, directors, governors and staff.
- 2.2 Full responsibilities of Members, Directors, Audit and Finance committees and LGBs are set out in the Terms of Reference within the Governance Framework and Scheme of Delegation,
- 2.3 The financial reporting structure is illustrated below:



## 2.4 Key financial responsibilities are:

2.4.1 The Members Board meet once a year. The members are responsible for appointing the trust's auditors and receiving (but not signing) the trust's audited accounts

2.4.2 The directors' main core financial function is to oversee and ensure effective financial performance. Their main financial responsibilities include:

- Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Appointing the trust's Accounting Officer (usually the CEO)
- Appointing a suitably experienced and/or qualified CFO
- Approving a written scheme of delegation of financial powers which should be reviewed on an annual basis.
- Managing conflicts of interests and related party transactions.
- Approving a balanced budget for the financial year and minuting the approval.
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Appointing an audit and risk committee to advise on the adequacy of the trust's control and risks.
- Submitting audited accounts to the ESFA by 31 December.
- Ensuring an appropriate, reasonable and timely response is given to findings by auditors.

2.5 The Audit and Risk Committee meet at least three times a year. The committee is responsible for:

- Directing the trust's programme of internal scrutiny and reporting to the board of directors on the adequacy of the trust's financial and non-financial controls and management of risk.
- Reviewing the external auditor's plan each year.
- Ensuring that the risks are being addressed appropriately through internal scrutiny.
- Assessing the effectiveness of the external auditor to provide a basis for decisions by the trust's members about the auditor's appointment or dismissal or retendering.
- Producing an annual report of the committee's conclusions to advise the board of directors and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.
- Reviewing the external auditor's findings and actions taken by the trust's managers in response to those findings.
- Reviewing the internal auditor's findings and actions taken by the trust's managers in response to those findings.

2.6 The Finance and Resources Committee meet at least three times a year. The committee is responsible for:

- Drafting the first formal budget plan of the financial year
- Maintaining a 3 year strategic financial plan.
- Monitoring and reviewing income and expenditure on a regular basis and ensuring compliance with the overall financial plan for the academies and the trust, and with the financial regulations of the ESFA
- Considering budget position statements at both academy and trust level including virement decisions at least termly and to reporting significant anomalies from the anticipated position to the Board of Directors.
- Reviewing financial elements of the Risk Management Policy and Risk Listing including Health and Safety, buildings and insurance to ensure that the financial risk is included in the academy or trust accounts where necessary and make recommendations to the Board of Directors.
- Receiving potential bids from academies and the trust for external funding and recommend to the Board for approval.
- Reviewing benchmarking data on an annual basis to secure best value for money.
- Monitoring and reviewing procedures for ensuring the effective implementation and operation of financial procedures, including the implementation of bank account arrangements, the suite of finance related policies to include the Finance Procedures & Scheme of Delegation

2.7 The local governing boards meet six times a year and are responsible for:

- Reviewing the budget for their academy and making recommendations for approval to the board of directors
- Ensuring that any grants are used for the purpose intended and in accordance with the terms and conditions of grant.
- Reviewing the actual income and expenditure against the approved budget for their academy and making recommendations to the board of directors



- Making recommendations to the board of directors in relation to the appointment, pay and contractual terms of members of the SLT in their academy
- Approving recommendations from the academy's headteacher in relation to the appointment, pay and contractual terms of members of staff other than members of the SLT

## 2.8 The accounting officer is responsible for:

- The trust's financial affairs
- Sharing the ESFA's 'Dear Accounting Officer' letter with the members, directors, CFO and other relevant stakeholders, arranging for it to be discussed by the board of directors and taking action, where appropriate, to strengthen the trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the Academy Trust Handbook and with the trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the audited accounts.
- Keeping full and accurate accounting records.
- The management of opportunities and risk.
- Assuring the board of directors that the trust is compliant with the Academy Trust Handbook and the funding agreement.
- Informing the board of trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the Academy Trust Handbook.
- Informing the ESFA, in writing, where they have advised the board of directors that they are in breach of the Articles of Association, funding agreement or Academy Trust Handbook but the board has continued with their actions.

## 2.9 The CFO is responsible for:

- Acting as the principal finance officer of the trust
- Ensuring that the trust's financial position is managed at a strategic level within the framework for financial control determined by the board of directors.
- Ensuring that all financial matters focus on the wider needs of the trust, rather than any individual academy.
- Working with internal auditors to provide assurance to the audit and risk committee and board of directors.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the trust.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the trust.
- Liaising with and providing training and support to the headteacher and school business manager/ office manager from each academy regarding financial matters.

## Part 2 – Budget Setting and Monitoring

### 3. *Financial Planning and Budget Setting*

- 3.1 The budget planning process follows an annual planning cycle and consists of the following:
- Planning
  - Budget setting
  - Monitoring
  - Review
- 3.2 The trust and its academies prepare an independent budget which is managed by the local governing board. The budget is a working document which will need to be revised throughout the year as circumstances change. Any significant revisions (virements) will be reported to the local governing board and the CFO who will report it to the finance committee and board of directors.
- 3.3 **Planning** - Both short-term and medium-term plans are prepared for the trust and each of the academies in the trust. The medium-term plan indicates how the educational aims and other objectives of the trust and each academy are going to be achieved within the expected level of resources over the next five years.
- 3.4 The annual budget will reflect the best estimate of the resources available to the trust for the forthcoming year and will detail how those resources will be utilised, establishing clear links with the objectives identified in school development plans. The development plans provide the framework for the annual budget.
- 3.5 To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocations.
- 3.6 The SBM/office manager and headteacher of each academy are responsible for creating, reviewing and updating their academy's budget and have access to BPS Budgeting software.
- 3.7 The budget process must take the following elements into account:
- Forecasts of likely pupil numbers to estimate the amount of DfE grant available
  - Review of latest estimate of other ESFA funding e.g. pupil premium
  - 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 school's costs
  - Review of the requirements of the academy's School Development Plan (SDP) or the Trust's Development Plan
  - Identification of potential efficiencies and budget containment actions
  - An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increase, inflation and other anticipated changes
  - A review of all carry-forward balances (see the trust's Reserves and Investment Policy)
  - A review of all any unspent grants from the previous financial year
  - A review of any funds held in Trust
- 3.8 **Budget Setting** - A balanced budget for each academy is approved by the local governing board early in the summer term and this approval will be minuted.
- 3.9 The central services budget and consolidated Chancery Trust budget will be approved by the board of directors later in the summer term, and this final approval will be minuted. This budget will be submitted to the ESFA by the deadline.

- 3.10 When reviewing and approving the budgets for the trust, the board of directors ensures the following:
- That budget forecast, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
  - That pupil number estimates are challenged and that these underpin revenue projections, and review these on at least a termly basis.
  - An integrated approach to curriculum and financial planning is taken.
  - A comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks 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 or alternatively allocated to areas of need in accordance with the Development Plan
- 3.11 The board of directors will notify the ESFA within 14 calendar days of proposing to set a deficit revenue budget.

#### **4. Budget management and monitoring**

- 4.1 To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocations.
- 4.2 A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance. The CFO will undertake financial data monitoring and budget review meetings on a termly basis in each academy with the headteacher and SBM/office manager.
- 4.3 The trust schools, in setting and adjusting their budget, should ensure that they adhere to the trust's Reserves and Investment Policy.
- 4.4 The SBMs/office managers at each academy are responsible for monitoring income and expenditure in their academy throughout the year against the budget. Virements (the process of moving money from one budget heading to another) to the academy's budget shall be reviewed and minuted by the local governing board.
- 4.4.1 The Local Governing Board can approve virements up to £10,000.
- 4.4.2 All virements exceeding £10,000 or 2% of the income budget are substantial virements and should be reported to the CFO to obtain the required approval from the Board of Directors.
- 4.5 At least termly, the SBMs/office managers will prepare finance reports to present to the LGB. This will comprise of a budget v actuals report from PSF; a 5 year budget forecast from BPS; a report on profit-making activities from PSF; and a report on ringfenced funds from PSF.
- 4.6 The CFO will prepare monthly management accounts, setting out the trust's consolidated financial performance and position and including income and expenditure account, variation to budget report, cashflow information, based on the current budget, and balance sheet. This will be distributed to all the directors each month via GVO.
- 4.7 The board of directors will consider the latest management accounts when it meets as a whole, or at the Finance & Resources committee, and will ensure appropriate actions are taken to maintain financial viability. The board of directors will determine key performance indicators and measure the

individual academies' performance and its budgetary performance against these regularly.

- 4.8 The monitoring process will be effective and timely in highlighting variances in the budgets so that the differences can be investigated, and action taken where appropriate. The audit and risk committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
- 4.9 Where the board of directors has concerns about the trust's financial performance, it will act quickly to ensure that the trust has adequate financial skills in place and consider whether additional financial reporting is required.

## Part 3 – Banking and Borrowing

### 5. *Banking and Investments*

- 5.1 The following procedures must be followed when opening a bank account and operating it:
- The board of directors are responsible for selecting the banking institution and negotiating the terms and conditions
  - The board of directors must authorise the opening of all bank accounts
  - The board of directors will ensure that in the event of changes to key personnel, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted.
  - The trust must inform the bank, in writing, that their accounts must not become overdrawn as to do so would breach restrictions on borrowing
  - The trust must ensure there are sufficient funds to cover large payments
- 5.2 Where the board of directors wishes to make investments to further the trust's aims, it will ensure that the investment risks are properly managed. When considering an investment the board will follow the trust's Reserves and Investment Policy.
- 5.3 Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.
- 5.4 The trust will prepare and monitor financial plans to ensure ongoing financial health.

### 6. *Leasing*

- 6.1 For the purpose of this policy, there are two types of lease:
- i. Finance Lease – a form of borrowing
  - ii. Operating Lease – not a form of borrowing
- 6.2 The Trust and its academies only enter into operating leases as all other forms of financing are prohibited including finance leases.
- 6.3 The trust and its academies must obtain prior approval from the ESFA for the following lease transactions:
- Taking up a finance lease on any class of asset for any duration from another party, which are subject to borrowing restrictions.
  - Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
  - Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.
- 6.4 Any lease will maintain the principles of value for money, regularity and propriety.

## Part 4 – Day to Day Operations

### **7. Record keeping and Retention**

- 7.1 All financial transactions of the trust will be recorded on PS Financials including, but not limited to, the following:
- Purchases, quotes and tenders
  - Returns
  - Payroll
  - Cash flow
  - Income and expenditure
  - VAT returns
- 7.2 The CFO is responsible for keeping up-to-date records of the trust's financial state.
- 7.3 Each SBM/office manager will keep an up-to-date record of the income and expenditure for their academy. This will be reconciled to the current budget which will be updated if needed. Records will include the following information:
- Income and expenditure - identifying each transaction for each activity and retained with all backing documents
  - Balance Sheet – assets and liabilities identified with backing documents
  - The total income and expenditure for the year
  - The balance carried forward from the previous year
- 7.4 Each academy has its own set of account codes, cost centres, sales ledger accounts, purchase ledger accounts and bank accounts for day-to-day operational purposes and budget management.
- 7.5 The ESFA or its agents may carry out audits and investigations of the trust. The trust will provide the ESFA with access to all books, records, information, explanation assets, premises and staff, and the ESFA may take copies of relevant documents.
- 7.6 Where the ESFA has concerns about financial management and/or governance at the trust, it may wish to obtain from third parties information or documentation about the trust which the ESFA considers relevant for the purposes of its investigation. The trust will provide the ESFA with written authority giving permission for any third party to provide such information to the ESFA or its agents.
- 7.7 Documents are retained for the following amount of time:
- Finance records – current year plus preceding 6 years
  - Supply cover insurance – current year plus preceding 6 years
  - Payroll and travel records – current year plus preceding 6 years
  - Personnel records – current year plus preceding 6 years

### **8. Accounting system**

- 8.1 All the financial transactions of the academy trust must be recorded onto PS Financials, the trust's cloud-based, computerised financial information accounting system. This system is administered by the CFO.
- 8.2 System access to the accounting package is password restricted to individual user name and passwords that are based on job title. Access is authorised by the Accounting Officer and granted by the CFO. Initial passwords are set up by the CFO and passed individually to the trust employee. On initial entry to the accounting package the employee will be requested to change their password. This password should be kept private. The employee should not communicate their

password to anyone else to use.

- 8.3 All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- 8.4 All journal entries should be printed and attached to supporting documentation. Printed Journal entries are authorised by the academy's Headteacher.
- 8.5 The CFO is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared before the period end is completed:
  - sales ledger control account
  - purchase ledger control account
  - payroll control accounts
  - bank reconciliation
  - credit card control account
  - VAT control account
  - Inter-company accounts
  - Suspense accounts
- 8.6 The CFO signs all reconciliations as evidence of review. Any unusual or long outstanding reconciling items are brought to the attention of the school's headteacher and dealt with according to the bad debt limits in Section 11 of this manual.
- 8.7 At month end, the CFO will close the period to prevent transactions being posted in the incorrect period.
- 8.8 At year end, the CFO will review the fixed asset registers from each academy and post depreciation accordingly.

## **9. Cash Management**

- 9.1 The trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.
- 9.2 The CFO will prepare cash flow forecasts, based on the latest budget forecast, to ensure that the trust has sufficient funds available to cover day-to-day operations. The SBM/office manager will ensure that all transactions regarding cash flow are recorded for their academy and the CFO will ensure that all transactions regarding cash flow are recorded for the trust.
- 9.3 When producing cash flow forecasts, if significant Trust balances are foreseen, steps will be taken to invest the surplus funds. Investments are made in accordance with the Reserves and Investment Policy approved by the board of directors.
- 9.4 All cheques and other instruments authorising withdrawal from any of the trust's bank accounts will bear authorising signatures or electronic signatures in line with the scheme of delegation. The headteachers and central leadership team will be the authorising signatories for each academy unless otherwise stated.
- 9.5 The academies do not operate a **petty cash system**. Any purchases made should be pre-authorised by the Headteacher by using an authorisation slip, unless in case of emergency when the maximum reimbursement would be £30. A valid receipt for all goods and services should be attached to the slip. All reimbursements will be made through the payroll system.
- 9.6 The SBM/office manager will reconcile the amounts on their academy bank statement and the amounts recorded on the PS Financials accounting system promptly (at least monthly). The bank reconciliations are reviewed by the CFO on a monthly basis.
- 9.7 The trust and its academies will not borrow monies, including finance leases and overdraft facilities,

from any sources, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable, without the prior approval of the ESFA.

## **10. Income**

- 10.1 The main source of income for the trust and its academies is through the grants received from the ESFA. The trust allocates funding to the academies according to the trust's Pooled Funding and Appeals Policy. Headteachers can appeal any funding allocations decisions to the board of directors. If after the appeal, the situation is not resolved, the headteacher can make an appeal to the ESFA.
- 10.2 The CFO monitors the receipt of grants, ensuring that all grants due to the academies within the trust are appropriately collected.
- 10.3 In addition to the DfE main funding the academies and trust may be awarded specific or additional grants from time to time relating to specific projects e.g. Condition Improvement Funds, Additional Special Educational Needs funding, Sport England funding, Football Foundation funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the local governing board, be reported to the CFO and agreed by the board of Directors. All external funding and grants will be spent in accordance with the terms and conditions imposed and accurately recorded as income and expenditure specific to the project. The SBM/office manager in each academy is responsible for recording income and expenditure against each grant and providing a reconciliation within the monthly management accounts. The spending of restricted funds will be reviewed by the Headteacher in each academy, the local governing board and by the CFO as part of the month end procedures (see **Appendix 2**).
- 10.4 Where funds are held in trust the SBM/office manager in the academy is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles. These will be reviewed by the Headteacher, the local governing board and CFO as part of the month end procedures.
- 10.5 Each SBM/office manager will ensure that all monies received in return for goods and services, such as a school trip, is banked/recorded against the correct code.
- 10.6 The trust collects income from parents for the following:
  - Trips and residential visits
  - School meals
  - Additional nursery fees
  - Breakfast and after school club
  - Holiday club
  - Lettings
  - Purchase of books and various other expenses
- 10.7 The academies and trust will act in accordance with the trust's Charging and Remission Policy. Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.
- 10.8 Income from parents is collected in various ways through the raising of sales invoices and through the use of online payments systems. Cash receipts are kept to a minimum but where they are received, receipts must be reconciled in a timely manner by the Administrative team and passed to another person for processing on PS Financials to the Paying In Slip account code. All cash and cheques received must be kept in the school's safe prior to banking. Banking should take place



regularly to ensure that the insurance limit is not exceeded. Monies collected should be banked in their entirety in the appropriate bank account.

- 10.9 All academy trips and residential visits should be costed and approved by their headteacher. The costings should be submitted to the SBM/office manager so that orders can be raised. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover if this is a cost to the school. Trips should never be calculated to make a profit for the academy. A member of staff must be appointed to take responsibility for the collection of sums due. All trip and educational visits income and expenditure should be recorded against a trip code on PS Financials so that any deficit or surplus can be reviewed by the SBM/office manager. Any surplus should be redistributed to parents as soon as possible. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Headteacher in advance of the booking being made.
- 10.10 The school meal numbers should be collected on a daily basis and reconciled to the kitchen meal numbers. The school meal numbers should be recorded against each child to ensure the relevant lunch money has been received. Weekly checks are undertaken on meals taken against receipts and any dinners owed for should be chased by the academy following the trust's Debt Management Policy.
- 10.11 Each academy will maintain records of pupils attending additional nursery sessions, before and after school clubs and holiday clubs. Academies will raise sales invoices for these sessions on a monthly basis. The sales invoices will be reflected in the Sales Ledger on PS Financials. Academies should ensure that the balance on the Sales ledger is reconciled to a listing of debtors on a monthly basis.. SBM/office managers should ensure that debtors listings should be reviewed on a weekly basis following the trust's Debt Management Policy.
- 10.12 Each academy is responsible for maintaining records of bookings of its school's facilities and for identifying the sums due from each organisation. Academies will manage all lettings in line with the trust's Lettings Policy. LGBs will review lettings charges on an annual basis.
- 10.13 Each academy is responsible for maintaining records for other sources of income e.g. coaching income and secondments. The academy will ensure that these are invoiced either before the service is provided or straight after it is completed.
- 10.14 All income remittance advices should be addressed to the school or the trust. If they arrive with a different name then they should be returned to the customer with a request that they be amended. They should not be processed as this would not adhere to statutory requirements.

## **11. Debt Management**

- 11.1 The academies and the trust will use the trust's Debt Management Policy for all debt chasing and write offs.
- 11.2 The SBM/office manager will keep accurate records of the debt process, including
- Logging invoices and receipts on the trust's accounting system.
  - Keeping any emails/letters pertaining to debt collection for two years after the payment has been made. Ensure that the email/letter clearly states the number of the reminder and the date that it was sent.
- 11.3 Debts will not be written off without the express approval from the board of directors. The trust will also obtain prior approval from the ESFA where it wishes to write off debts and losses, enter into guarantees or letters of comfort, and/or indemnities which are not in the normal course of business, where the following limits apply:
- 1 percent of annual income or £45,000 (whichever is the smaller) per single transaction

- Cumulatively, 5 percent of total annual income in any financial year per category
- 11.4 The trust will disclose aggregated figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.

## **12. Gifts**

- 12.1 The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-bribery Policy.
- 12.2 The decision to make gifts will be documented and have regard to propriety and regularity.
- 12.3 The Gifts, Hospitality and Anti-bribery Policy sets out the trust's procedures relating to the acceptance of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the trust.

## **13. Expenditure**

- 13.1 There are two main areas of expenditure:
- i. **Salaries** – this forms the largest element of expenditure. Salaries of all staff members within an academy will be reviewed on an annual basis by their headteacher, with effect from 1st September and no later than 31st October. Pay review recommendations are then given to their local governing board for discussion and authorisation. These decisions will be built into the academy budget by the SBM/office manager. When payscales are approved by the Board, the central team will inform the payroll provider.
  - ii. **Premises maintenance** – a combination of maintenance surveys and historical costs will be the basis for planned maintenance. The SBM/office manager will incorporate an allowance for unexpected contingencies, as well as for new small works which may be proposed in-year.
- 13.2 The trust's funds will not be used to purchase alcohol for consumption, except where it is being used in religious services.
- 13.3 When considering suppliers, academies will refer to their register of interests. All senior staff, governors, trustees and Members will declare any conflicts annually in accordance with the trust's Conflicts of Interest policy and these will be published on the school and trust websites.
- 13.4 Any Related Party Transactions will be dealt with in accordance with the Academy Trust Handbook.

## **14. Purchasing, procurement and returns**

- 14.1 The trust will ensure:
- Spending has been for the purpose intended and there is probity in the use of public funds. No goods or services will include any elements of private use by volunteers, staff, governors or directors.
  - Spending decisions represent value for money.
  - Internal delegation levels exist and are applied (see **Appendix 1 - Financial Scheme of Delegation**).
  - Professional advice is obtained where appropriate.
- 14.2 All academies within the trust will act in accordance with the trust's Tendering and Procurement Policy, and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and the 'Find a Tender' service.
- 14.3 The trust and its academies will use the DfE's 'Buying for schools' service where possible.
- 14.4 Full details of the trust's procurement processes are outlined in the Tendering and Procurement Policy. If, despite trying, the school/trust is unable to obtain 3 quotes, this will be documented and

minuted by the LGB/finance committee as a 'single source' purchase.

- 14.5 Limits for routine purchases processed through the ordering system or using chargecards are:
- up to £2,000 can be approved by the School Business Manager or Office Manager
  - up to £10,000 can be approved by the Headteacher and Chief Finance Officer
  - up to £30,000 can be approved by the Local Governing Board
  - up to £50,000 can be approved Chief Executive Officer
  - over £50,000 is to be approved by the Director's Board
- 14.6 BACS payments for academy and trust purchases are for purchase order invoices and non-purchase order invoices.
- 14.7 BACS payments are created and authorised fortnightly.
- 14.8 When an invoice is received for ordered goods it is matched with the relevant order and the signed goods received note to evidence that:
- an official purchase order has been raised for the purchase
  - the delivery note has been checked
  - the delivery is of correct quantity, quality and price
  - it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown

The invoice is then processed on PS Financials as a POIN by someone other than the person who raised the order. On receipt of a non-purchase order invoice it is matched with evidence of prior purchase authorisation and the signed good received note.

- 14.9 Non- purchase order invoices are limited to purchases for which there is a signed contract in place and includes school meal invoices, energy invoices, water invoices, parental payment transaction charges, photocopier invoices, telephone invoices and childcare voucher invoices. Food shopping for out-of hours provision does not require a purchase order. Non-purchase order invoices are processed as a Purchase Invoice (PI) and sent for electronic authorisation according to the delegated financial authorisation schedule.
- 14.10 When payment is due, a BACS payment schedule is created and matched to the invoices to be paid. The School Business Manager ensures that all payments are due, that invoices are attached and that the bank and sort codes have been correctly entered. The BACS payment run is then passed to the headteacher together with supporting documentation to be approved.
- 14.11 The BACS payment file is uploaded onto the Lloyds website by a creator (usually the School Business Manager/Office Manager) and then electronically approved by two approvers (the academy's Headteacher and a member of the Central Leadership Team).

### **15. Multipay charge cards**

- 15.1 Chargecards linked to a trust bank account are issued to trust personnel, by the CFO, to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using chargecards will be kept to a minimum and monitored by the headteacher and the CFO.

- 15.2 Purchases via chargecards require the same authorisation as ordered goods and services. Chargecards are applied for on the authorisation of the CFO in the Trust. The cards are kept by the named cardholders.
- 15.3 The chargecards charges, along with all the relevant emails and invoices are passed to the SBM/office manager who will enter each individually onto PS Financials. The Headteacher will receive a listing of chargecards transactions on a monthly basis with the backing documents and sign as checked.

#### **16. VAT procedures**

- 16.1 The trust, and the academies within it, are registered for VAT and are entitled to reclaim VAT on qualifying purposes through the quarterly VAT return.
- 16.2 Under legislation, VAT claims can be made on expenditure which supports the trust's core business purposes.
- 16.3 The trust is eligible to reclaim most of the VAT it pays on invoices from HMRC. The trust and academy must only analyse VAT on its expenditure transactions if they hold a VAT invoice.
- 16.4 One VAT return is completed for the trust on a quarterly basis. The VAT reclaimed for the trust or an individual academy will be paid to the academy. The reclaimed VAT will then need to be coded to the VAT control account and not an income or expenditure code.
- 16.5 The trust abides by the procedures issued by the HMRC in connection with VAT.
- 16.6 The trust keeps potential trading activities under review and considers whether to set up a subsidiary trading company.

#### **17. Payroll**

- 17.1 All payroll transactions relating to trust staff, permanent and casual, will be processed through the Edupay payroll system, an external provider. Payments for employment will not be made through any other mechanism.
- 17.2 Each academy within the trust will act in accordance with the Teacher's Pay Policy and Support Staff Pay Policy.
- 17.3 The main elements of the payroll system include staff appointments, payroll administration and payments.
- 17.4 The headteacher and SBM/office manager for their academy and the CEO/CFO for the trust are responsible for ensuring:
- Payments are made only to bona fide employees.
  - Payments are in accordance with individuals' contracts of employment
  - Deductions, including income tax, national insurance and pensions, are properly administered.
  - Payments are made only in respect of services provided to the academy.
  - Amendments to payroll are properly processed and authorised by the headteacher.
- 17.5 The SBM/office manager must ensure that the staff records are maintained and that all changes to salary, taxation status, deductions and allowances are updated on Edupay
- 17.6 Employees are responsible for maintaining their correct bank account and personal details on Edupay.
- 17.7 During the Spring term each year the headteacher and SBM/office manager will review the staffing structure for the following academic year. This will be agreed by the local governing board and used as the basis for the budget forecasts.

- 17.8 The Headteacher has authority to appoint staff within the authorised staffing structure except for the headteacher whose appointment is approved by the LGB in consultation with the Board of Directors. The SBM/office manager maintains personnel files for all members of staff which include contracts of employment and annual salary letters. All personnel changes must be updated on the Edupay system.
- 17.9 SBM/office managers update staff absence records on Edupay at least monthly.
- 17.10 Overtime, additional hours or temporary work in an academy is authorised by their headteacher prior to being undertaken and must be recorded by the individual on Edupay by the 1st of each month. The SBM/office manager will verify all details and the Headteacher will approve the timesheet request by the 7th of each month.
- 17.11 At the start of each month, the SBM/OM will lock the payrun and check the following reports as a minimum:
- Gross to Net Pay Variance
  - Payroll Summary
  - Timesheet and Expenses report
  - Starters and Leavers
- 17.12 The SBM/OM will resolve any queries and the Headteacher will then approve by signing a hard copy of the Payroll Summary report. The payrun is then locked and no further changes can be made.
- 17.13 After the payroll has been approved a nominal ledger payroll journal will be generated in Edupay to be imported into PS Financials. Postings will be made both to the relevant payroll control accounts and to individual expenditure account codes and cost centres.
- 17.14 SBM/OM should randomly select at least one employee each month and check the calculation of gross to net pay, to ensure the payroll system is operating correctly.
- 17.15 Payroll of all academies is continually monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up-to-date.
- 17.16 Payslips will be produced electronically on a monthly basis and made available through the Edupay system by 15<sup>th</sup> of each month.
- 17.17 Annual pay letters will be provided for all staff. These will be prepared by the SBM/office manager and signed by the Headteacher. One copy will be distributed to each employee and one copy will be kept on the employee's personnel file.
- 17.18 **Severance payments** - The academy trust is able to self-approve the non-statutory/non-contractual element of severance payments up to £50,000 before tax. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk. Where the non-contractual element is on or over £50,000 before tax prior approval from ESFA must be sought before the trust or its academies make any binding offer to staff. The Accounting Officer must sign off and review each business case. See section 20.

## **18. Fixed Assets**

- 18.1 The trust will obtain prior approval from the ESFA for the following transaction:
- Acquiring a freehold of land or buildings
  - Disposing of a freehold of land or buildings
  - Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the trust's funding agreement for the disposal of assets generally.
- 18.2 The trustees of Chancery Multi Academy Trust are responsible for the proper management and

- security of the school premises and the custody and physical control of all other assets including machinery, furniture and equipment. The board of directors will refer to the DfE's Good Estate Management for School guidance to help them to manage capital assets and budgets.
- 18.3 Each academy within the trust must maintain an asset register of items held by the academy that the board of directors deems valuable and/or may be subject to an insurance claim. Moveable assets valued at £2,000 or must be recorded. The Asset Register should include the following information:
- asset description
  - serial number/security number
  - date of acquisition
  - asset cost
  - source of funding (% of original cost funded from grant and % funded from other sources)
  - expected useful economic life
  - depreciation
  - current book value
  - location or name of member of staff responsible for the asset
- 18.4 The asset register 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
  - help the external auditors to draw conclusions on the annual accounts
  - support insurance claims in the event of fire, theft, vandalism or other disasters
- 18.5 The SBM/OM and CFO should ensure that the Asset Register is kept up to date and is reviewed on an annual basis. The local governing body of each academy should ensure that a physical check of the assets is performed by someone other than the person maintaining the register. A copy of the asset register should be certified and dated on completion of the review.
- 18.6 Academies can dispose of assets following the following limits:
- Items up to £20,000 in value which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following competitive tender.
  - Items over £20,000 in value which are to be disposed of by sale or destruction must be authorised for disposal by board of directors and, where significant, should be sold following competitive tender.
  - Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence that the school obtained value for money in any sale. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure that all licences for software programmes have been legally transferred to the new owner.
  - The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid. If it is not reinvested in assets it must be repay to the DfE a proportion of the sales proceeds.
- 18.7 Items of academy property must not be removed from academy premises without the authority of the headteacher. A record of the loan must be recorded on an equipment loan form or in the loan register.

## Part 5 – Other Payments

### **19. Executive Pay**

- 19.1 The board of directors will ensure that any decisions that they make on executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their own salary.
- 19.2 The board of directors will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:
- Process – that the procedure for determining executive pay and benefits is agreed by the board of directors in advance and is documented. The board ensures that both pay and benefits are kept proportionate.
  - Independence – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
  - Robust decision-making – factors in determining pay and benefits are clear including whether educational and financial performance considerations, and the degree of challenge in the role, has been considered.
  - Proportionality – pay and benefits represent good value for money and are defensible relative to the public-sector market.
  - Commercial interests – the board is sighted on broad business interest held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
  - Documentation – the rationale behind the decision-making process, including whether the level of pay and benefits reflect value for money, is recorded and retained.
  - A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years or over the long term.
  - Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in an instance of poor financial management of the trust.
- 19.3 The trust will publish on its website, in a separate accessible form, the number of employees whose benefits exceed £100,000, in £10,000 bandings for the previous year ended 31 August. Benefits for this purpose include salary, the trust's pension contributions, other taxable benefits and termination payments, but not the own pension costs. For employees who are directors, their salary and other benefits will also be disclosed in £5,000 banding in the trust's financial statements.
- 19.4 Where the trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work will also be included in the website disclosure where payments exceed £100,000, as if they were an employee.

### **20. Special payments**

- 20.1 For the purpose of this policy, special payments include:
- Staff severance payments
  - Compensation payments
  - Ex gratia payments
- 20.2 Where the trust is considering making a severance payment above statutory or contractual entitlements, a compensation payment or an ex-gratia payment, it must refer to the relevant section in the Academy Trust Handbook.

## **21. Novel, contentious and repercussive transactions**

- 21.1 Novel transactions are those of which the trust or its academies has no experience, or are outside their range of normal business.
- 21.2 Contentious transactions are those that might cause criticism of the trust and its academies by Parliament, the public or the media.
- 21.3 Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.
- 21.4 Novel, contentious or repercussive transactions to be made by the trust or its academies must always be referred to the CFO who will refer to the Academy Trust Handbook.

## **22. Guarantees, Indemnities or letter of comfort**

- 22.1 The trust and its academies must obtain ESFA approval for guarantees, indemnities and letters of comfort (subject to the £250,000 ceiling) and follow the guidance in the Academy Trust Handbook.



## Part 6 – Risk and Assurance

### **23. Risk management**

- 23.1 The trust and its academies must follow the trust's Risk Management Strategy.
- 23.2 The trust maintains a high-level risk register and manages risk to ensure its effective operation, including contingency and business continuity planning.
- 23.3 Each academy maintains a school-level risk register which is reviewed by the LGB at least annually.
- 23.4 The board of directors will take overall responsibility for risk management, including oversight of the risk register, while drawing on advice provided to it by the audit and risk committee. The board of directors will review the risk register at least annually.
- 23.5 Risk management covers the full operation and activities of the trust, not only financial risks.
- 23.6 The trust will have adequate insurance cover in compliance with its legal obligations. The local governing boards review the adequacy of insurance arrangements in their academy annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises. The trust has opted in to the Department for Education's Risk Protection Arrangements.
- 23.7 The CEO must be notified immediately in writing by Headteachers of any loss, liability or damage or any event likely to lead to a claim by the academy or by third parties against the academy or any of the members of its staff.

### **24. Cyber-crime**

- 24.1 The trust is aware of the risk of cyber-crime and will implement its Cyber Plan across the trust.
- 24.2 Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.
- 24.3 The trust will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

### **25. Audit**

- 25.1 The trust will follow a tiered approach to internal control, risk management and assurance processes comprising:
  - Clearly communicated procedures, structures and training of staff.
  - Appropriate day-to-day supervision and checks by management.
  - Internal scrutiny overseen by the audit and risk committee.
  - External audit and assurance
- 25.2 Internal scrutiny will be conducted within the trust and directed by the audit and risk committee, alongside the work of an external auditor, to provide independence assurance to the board of directors that its financial and non-financial controls, and risk management procedures, are operating effectively.
- 25.3 Internal scrutiny will focus on:
  - Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether the procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been

- followed,
  - Offering advice and insight to the board of directors on how to address weaknesses in financial and non-financial controls.
  - Ensuring all categories of risk are being adequately identified, reported and managed.
- 25.4 The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the audit and risk committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time. The trust will confirm, in its governance statement, the methods it uses for internal scrutiny and why these are used.
- 25.5 Findings arising from internal scrutiny will be used to inform the accounting officer's statement of regularity in the annual accounts.
- 25.6 Regular reports of the programme of work will be provided at each audit and risk committee meeting, including recommendations to enhance financial and non-financial controls and risk management.
- 25.7 The trust will submit its annual summary report of areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year when it submits its audited annual accounts. If requested, the trust will also provide any other internal scrutiny reports.
- 25.8 The trust will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of the trust's financial performance and position.
- 25.9 The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of their terms of office.
- 25.10 The trust will retender its external audit contract at least every five years.
- 25.11 The board of directors will notify the ESFA immediately of the removal or resignation of the auditors.
- 25.12 The accounting officer will produce a statement of regularity, propriety and compliance and this will be included in the trust's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:
- There is efficient and effective use of resources in their charge.
  - Public money is spend for the purpose intended by parliament.
  - Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.
- 25.13 The trust will respond promptly, reasonably and appropriately to any findings by the auditors.

## **26. Annual Accounts**

- 26.1 The trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's 'Statement of Recommended Practice' and the ESFA's 'Academies Accounts Direction'.
- 26.2 The audited accounts will be:
- Submitted to the ESFA by 31 December each year
  - Published on the trust's website by 31 January
  - Filed with Companies House in accordance with company law requirements, usually by 31 May
  - Provided to every member (under the Companies Act)
  - Provided to anyone who requests a copy

## **27. Other Finance Related Returns**

- 27.1 The CFO and CEO are responsible for the other DfE returns for the trust:
- Land and Building Collection Tool – November
  - Accounts Return – January
  - School Resource Management Self-Assessment Checklist - March

## **28. Notices to improve**

- 28.1 Where the ESFA has concerns about the trust's financial management and/or governance, and receives a Notice to Improve (Ntl), the trust will comply with the notice.
- 28.2 The ESFA will notify the trust of the date of which it published the Ntl
- 28.3 The trust will publish an Ntl issued by the ESFA on its website within 14 days of it being issued, and retain this on the website until it is lifted by the ESFA. If an Ntl is issued, the trust must seek prior approval from the ESFA for all transactions outlined in the special payments section, specifically:
- Special staff severance payments
  - Compensation payments
  - Writing off debt and losses
  - Entering into guarantees, indemnities or letters of comfort
  - Disposals of fixed assets, beyond any limit in the funding agreement
  - Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
  - Carrying forward unspent GAG from one year to the next beyond any limit in the funding agreement
  - Pooling of GAG
- 28.4 Where required, the trust will seek prior approval from the ESFA before entering into transactions with related parties. The trust will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA.

## **29. Whistleblowing and fraud**

- 29.1 The trust puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.
- 29.2 Where instances of fraud, theft or irregularity are suspected or identified the board of directors will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.
- 29.3 In any instance of fraud, theft or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the board of directors will report it to the ESFA as soon as they become aware of it.
- 29.4 When reporting to the ESFA on instance of fraud, theft or irregularity, the academy will need to provide the following information:
- Full details of the events with all the key dates
  - The financial value of the loss
  - The measures taken by the trust to prevent a recurrence
  - Whether the matter was referred to the police and if not, the reason why
  - Whether the risk protection agreement have offset any loss
- 29.5 If a member of staff suspects that their colleagues are involving them in matters of fraud, they have

- a duty, as an employee of the trust, to raise their suspicions to a member of their SLT. Reports of fraud will be treated in a fair and unbiased manner.
- 29.6 If the report of fraud is against a member of the SLT, the member of staff can go directly to the Chair of Directors.
- 29.7 The SLT, of the relevant academy within the trust, together with the CFO will be responsible for the initial enquiries of fraud, theft or irregularity – they will then pass on their findings to the board of directors for further inspection
- 29.8 Upon receiving the SLT/CFO initial findings, the board of directors will:
- Determine whether further investigation is warranted
  - Determine the initial response to the alleged perpetrator when this is a member of academy staff.
  - Determine who will carry out any further investigations.
  - Determine which outside agencies will be involved
  - Assess the risk of the fraud and the perpetrator to the academy
  - Determine to whom day-to-day management of the response will be given
  - Allocate responsibility for damage limitation action
  - Determine the course of action to recover losses
  - Determine the course of action to be taken against the perpetrator
  - Evaluate the events which enabled the fraud to occur
  - Ensure preventative action is taken to prevent recurrence
  - Report any excessive fraud (over £5,000) to the ESFA
- 29.9 The trust's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistleblower being treated unfairly.
- 29.10 The headteacher will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.
- 29.11 All concerns raised by whistle-blowers are responded to properly and fairly in line with the Whistleblowing Policy.
- 29.12 The trust's Whistleblowing Policy is published on the trust's and academies' websites.

### ***30. Monitoring and Review***

- 30.1 This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by the CFO for approval by the board of directors.
- 30.2 The CFO will review and monitor all financial records continuously throughout the year. The SBM/office manager will review and monitor each academy's financial records, raising any concerns with the CFO.

## ***Appendix 1 – Scheme of Financial Delegation***

	SBM/Office Manager	Other staff e.g. site	Headteacher	CFO	Governance Lead	CEO	LGB	Full Board	ESFA
Purchasing	£2,000		£10,000	£10,000		£50,000	£30,000	>£50,000	
Cheque signatory				Any two	Any two	Any two			
Chargecard limit	£2,000	Max £2,000	£2,000	£2,000		£2,000			
Disposal of assets			£20,000					>£20,000	
Debt write-offs			£500				£1000	>£1000	£45k - £250k
Bank mandate signatory				Any two	Any two	Any two			
Access to Commercial Banking Online	Yes – create or view only		Yes – approver (2 to sign)	Yes – approver (2 to sign)	Yes – approver (2 to sign)	Yes – approver (2 to sign)			

## Appendix 2 – Month End tasks

MONTH END/YEAR END SUGGESTED TASKS (not an exhaustive list)						
TASKS	TASK DETAIL	Month End	Year End	COMMENTS	CENTRAL TASK	LOCATION TASK
COMMITMENTS	Review Unauthorised Purchase Orders	Yes	Yes	Reporting Suite - Purchase Ordering. Why are they unauthorised? Is there a problem?		
	Review Unauthorised Requisitions	Yes	Yes	Reporting Suite. Why are they unauthorised? Is there a problem?		
	Review Outstanding Orders ( Commitments)	Yes	Yes	Is everything on this report really an outstanding commitment? Cancel/writes off if not. Have explanations ready for those that are reasonably old. These can be used to form your year end accruals. Run the PORD to INV discrepancies report in the Reporting Suite to identify where explanations are required for differences. Also, run the Purchase Order Compliance Report to check on how many POIN's you are raising as opposed to Non Order Purchase Invoices.		
	Rebuilding Commitments	Yes	Yes	If after removing unwanted PO's, they are still in the Outstanding Commitments Report, go to PS Purchasing, sign in as Customer Admin and use the small wheel cog at the top right. In here , you can rebuild your commitments. Run this and it should get rid of those that are stuck.		
PURCHASE LEDGER	Run a Report on the HOLD Database	Yes	Yes	Account Enquiry (Y6) Detail Enquiry VT and Status Tab. Deal with any transactions that shouldn't be in here.		
	Run a Report on REGISTERED Documents if you use this option	Yes	Yes	Account Enquiry (Y6) Detail Enquiry VT and Status Tab. Deal with any transactions that shouldn't be in here.		
	Ensure all Supplier invoices/credit notes have been posted onto the system for the period/year end. Allocate any credit notes to invoices where applicable			The Management Reports Trend report may be useful to provide a month-by-month view for a particular nominal which might highlight missing expenditure as a result of an invoice not being posted.		
				If you have queries with invoices/credit notes, these can be posted as disputed.		
	Ensure all Supplier payments have been made and posted into the supplier accounts	Yes	Yes	If not, it could be because the 'POST' Stage of the Payment Run has not been posted		
	Ensure all Supplier invoices, credit notes and payments have been allocated against payments	Yes	Yes	Running an Aged Creditor report will reveal items that need allocating		
	Agree supplier accounts to supplier statements	Yes	Yes			
	Run the Aged Creditor Report and reconcile monthly to the accounts against the Creditor Control Nominal in the Trial Balance for that period range	Yes	Yes			
	Make sure you have all supporting documentation for any Supplier Bank Detail Changes	Yes	Yes			
SALES LEDGER	Carry out final payment run	Yes	Yes			
	Ensure all Sales Invoices/credit notes have been raised, posted and sent out.	Yes	Yes			
	Chase Outstanding SINV's - send out chase letters/statements	Yes	Yes			
	Ensure all Sales invoices, sales credit notes and receipts have been allocated	Yes	Yes	Running an Aged Debtor report will reveal items that need allocating		
OTHER INCOME	Post Sales income	Yes	Yes			
	Post grant income and parental income.	Yes	Yes			
	Ensure all supporting documents for grant income and expenditure during the year are prepared and made available		Yes			

<b>Accounting for FUNDS</b>	Check that the trust has properly accounted for its funds (unrestricted, restricted, designated, fixed assets funds) with the various income and expenditures of each type of fund adequately separated and included in the appropriate accounts.		Yes	Check the FUND Type Indices in your Ledger Accounts e.g. Cost centres/Trips/C Cards		
	Ensure that government grants and pupil premium are correctly accounted for and in the correct financial period with any deferred income which relates to the next year being carried forward in your balance sheet.		Yes			
<b>CREDIT CARD LEDGER</b>	Post all Credit Card expenditure and reconcile to the Credit Card Statement	Yes	Yes			
	Post the Direct Debit payment for the Credit Card to the Credit Card Control Account	Yes	Yes			
<b>DEBITS/STANDING ORDERS</b>	Post Direct Debits/Standing Orders allocating where necessary	Yes	Yes			
<b>PAYROLL</b>	Process overtime claims	Yes	Yes			
	Review Payroll Reports	Yes	Yes			
	Prepare Salary Journal/Import File	Yes	Yes			
	Post Payroll into accounts and check the TB Control accounts.	Yes	Yes			
<b>VAT</b>	Reconcile the monthly VAT account and process the VAT return. Make sure previous VAT Periods are set at CLOSED	Yes	Yes	The only amounts in the VAT Control account at the end/beginning of the month should be the amounts you have reclaimed for but not yet received		
	Close the current VAT Period once processed - open the next VAT period if not already open	Yes	Yes			
<b>RECHARGES</b>	Post reimbursements between location	Yes	Yes			
<b>CHILD CARE VOUCHERS</b>	Childcare Voucher Invoices	Yes	Yes			
<b>JOURNALS (Optional)</b>	Keep a record of any journals that are carried out that month, and changes made by staff at the year /month end	Yes	Yes			
<b>PERIOD CLOSE DOWN</b>	Close the Period to 8 (or 9) once all the above postings have been made	Yes	Yes	This will prevent postings into that period by staff members who do not have access level 8		
<b>TRIAL BALANCE AND BALANCE SHEET RECONCILIATIONS</b>	Run the month end/year end Trial Balance and save into Favourites	Yes	Yes	Run through the TB and give it a 'sense check'. Run it and include period 00 so that it includes balances brought forward from previous year (opening balances). Does it look 'reasonable' Have I accounted for all my funds? Ditto - expenditure. Have you included Audit Costs for example? Are there any strange looking amounts? Are there pluses where there should be minuses and visa versa? Save this report in your favourites		
<b>BACs suspense account</b>	Make sure there are no balances against this nominal.	Yes	Yes	If there is a balance on here it would suggest that there is a payment run that hasn't had the final post to records stage actioned.		
<b>BANK RECONCILIATION</b>	Enter items that have cleared the bank but not the Cashbook	Yes	Yes			
	Post Bank Interest	Yes	Yes			
	Transfers between Bank A/c's	Yes	Yes			
	Post any bank charges	Yes	Yes			
	Complete the Reconciliation	Yes	Yes			
	Produce the bank reconciliation report	Yes	Yes			
	Investigate differences	Yes	Yes			
	Details of any new bank accounts should be provided to your auditors as soon as possible so that they can request bank confirmation letters.		Yes			

<b>DEBTORS CONTROL ACCOUNT</b>	Run the Aged Creditors Report and reconcile to the Creditor Control Account Nominal in the TB for the same period	Yes	Yes	Investigate differences. Check the ages of the invoices - have answers ready for late payments.		
<b>PAYMENT PRACTICES REVIEW</b>	This report will show how timely you have been paying your suppliers	Yes	Yes	Reporting Suite - Additional Reports -Dashboard Home - Payment Dashboard		
<b>CREDITORS CONTROL ACCOUNT</b>	Run the Aged Debtors Report and reconcile to the Debtor Control Account Nominal in the TB	Yes	Yes	Investigate differences. Consider the age of the debts. Are they outstanding amounts being chased. Do you need to account for any Bad Debts.		
<b>CREDIT CARD CONTROL</b>	Check the balance on the credit card nominal in the Trial Balance.	Yes	Yes			
	If the Direct Debit has been taken and posted this should clear this Nominal.	Yes	Yes			
<b>PENSION CONTROL</b>	Check the Pension Control Account - this should be the e'ees and er's pension contribution for that month - paid out the next month.	Yes	Yes			
	Obtain the Local Gov Pension Scheme if applicable		Yes			
	Check the Pension Control Account - this should equal the PAYEE/ e'ees NI/and er's NI contribution for that month - paid out the next month.	Yes	Yes			
<b>VAT CONTROL</b>	The balance in the VAT Control Nominal should be the amount you are expecting to receive from HMRC (VAT Reclaim) for the previous month's VAT Return.	Yes	Yes			
	Any balances in the Vat Input and Vat Output Control accounts should be for the month you are working in prior to doing the VAT Return for that month. Make sure VAT Periods exist for the next year	Yes	Yes			
<b>INTERCOMPANY</b>	Ensure that the intercompany core nominal balances to zero.	Yes	Yes			
	Ensure Location specific TB's balance if using the Intercompany option.	Yes	Yes	It can be difficult to identify and locate any differences. These two options will help narrow down the possibilities - a. Confirm that the difference is not as a result of transactions being hidden from view due to security reasons b. Run the TB one period at a time to identify the time frame when the imbalance occurred. Once you have identified the period ,run an account enquiry/detail enquiry on the intercompany nominal for that period only. The INTR transactions will show the document number of the original transaction in Userfield 2. If you are making any intracompany journal adjustments, use the INTR document type. This will stop any further intercompany postings being made automatically. It is always best to reverse out and report. Any imbalances need to be investigated. This could result from monetary changes to a posting that involved the intercompany nominal. Any changes made need to be reflected on that nominal too. In addition to this , there is a tool in the Reporting Suite to help you identify Intercompany differences		
<b>ACCRUALS</b>	Calculate and post Accruals	Yes	Yes	Expenses that have been incurred for the month end you are working on - but for which you have not received the invoice.		
<b>PREPAYMENTS</b>	Calculate and post Prepayments	Yes	Yes	Invoices/payments you have processed for expenses (in part or all) relating to the next month)		
<b>DEFERRED INCOME</b>	Calculate and post Deferred income	Yes	Yes	income received /invoiced for during the month/year which relates to next month/year		



<b>ACCRUED INCOME</b>	Calculate and post Accrued income	Yes	Yes	income which is due for the current year, but hasn't been received or invoiced for yet.		
<b>CASHFLOW</b>	Review your cashflow forecast	Yes	Yes			
<b>FIXED ASSETS - if using the Fixed Asset Ledger and allowing the system to post depreciation.</b>	Check for any posting to the Income and Expenditure account that should be capitalised - journal them into the balance sheet	Yes	Yes			
	Make sure all new assets have been created in the Fixed Asset Ledger. Check that the Trust's/Academy's fixed assets register is up to date and agrees to the management accounts for costs, depreciation and net book values	Yes	Yes			
	Post Depreciation ( monthly) or at year end.	Yes	Yes			
	Review the Fixed Assets amounts in the Trial Balance for any mis postings.	Yes	Yes			
	Process any asset disposals	Yes	Yes			
	Obtain any required land and buildings valuations	Yes	Yes			
	Details of any property or asset leases in place during the year should be provided to the auditors along with any required EFA approvals.	Yes	Yes			
<b>BUDGET and VARIANCE</b>	Review actuals against budget income and expenditure for any abnormal variances	Yes	Yes	Report reasons for any discrepancies		
<b>EX GRATIA/COMPENSATION, GIFTS, LOSSES, SEVERANCE</b>	Ensure, if prepared, the new year budget is in place on IRIS		Yes			
<b>RUNNING THE FINAL</b>	Details of any of the following should be available as they need to be disclosed in the accounts: ex-gratia, compensation, gifts, losses, severance payments, heritage assets and indemnities.		Yes			
	Make sure all Prior Year Auditors Adjustments have been correctly posted and into Period 97 for the previous year		Yes			
	Once all balance Sheet Reconciliations are done as in the above, -		Yes			
	Run a final TB and check that all locations balance to zero					
	Run Management Accounts Report		Yes			
	Prepare Supporting Schedules		Yes			
	Run Balance Sheet Report		Yes			
	Prepare Supporting Schedules		Yes			
	Prepare Reserves Journal with Notes with supporting schedules		Yes			
	Run Cashflow Statement		Yes			
	Run ESFA Reports as required		Yes			
	Update Cashflow Report for Actuals		Yes			
	Prepare a schedule of counter-party transactions (run Counterparty Report)		Yes			
	Run report on Related Parties		Yes			
			Yes			
<b>SYSTEM AUDIT</b>	If ready to run a year end in the system, run a Full Audit first.		Yes	All users have to be out of the system to do this but it can be done in TEST first with users still on the system)		

PARING FOR THE AU	Agree a timetable for the audit process		Yes	Document History report to trace the history of a REG POIN, GRN, INV, POIN and Payment		
	Obtain a list of documents required for the Audit from the Auditors		Yes			
	Make sure the recommendations from last year's audit have been fulfilled		Yes			
	Take into accounts any new ESFA requirements ( Accounts Direction updates)		Yes			
	Arrange an audit planning meeting		Yes			
	Obtain the Local Government Pension Scheme valuation report		Yes			
	Obtain any land and building valuations		Yes			
	Ensure copies of all minutes of governor/trustee meetings are available		Yes			
	Have copies of all policies and procedures, financial regulations are available		Yes			
	Provide details of any changes to directors, Trustees		Yes			
	If you sell stock - provide and end of year stock count		Yes			
	Provide prior year audit adjustments and recommendations to show fulfilled		Yes			
	Have payroll and employee records available		Yes			
	Agree responsibilities for the preparation of the draft trustees report for inclusion in the audited accounts		Yes			
AUDITOR ADJUSTMENT	Prepare a list of Related Parties and Counterparty transactions, bank detail changes		Yes	This can be obtained by running a Ledger List on the Purchase Ledger and including this filed in the report. (Need to have a related this as an extra field in the Purchase ledger.		
	Enter Auditor Adjustments into Period 97 if you have them		Yes	The Year End can be run without these if you want to run a preliminary year end in TEST first		
ENDING THE YEAR EN	Make sure Periods 97, 98,99 and 00 are open or set to access level 8 at least providing the person who is running the year end has that level of access. It might be advised to run the year end as a CUSTADMIN anyway		Yes			
	Copy Live to Test and run the Year end in TEST first.		Yes			
	You can run the Year End Process as many times as required,, as long as the relevant periods are still open for both years. The Year End Process will sweep up any new transactions posted since the last time the process was run and will then take these "new" additional adjustment postings through Year End and then add these to the overall balance.		Yes			
	Run Year End Part One		Yes			
	Run Year End Part Two and Three		Yes			
	Run your Trial Balance for the 00 period for the new year/month and check that the totals are as expected. These will be balance sheet nominals		Yes			
	Move Period Security to Level 9 for the old year.		Yes			
ALLOCATE SURPLUS TO RESERVE FUNDS	Post reserve journals after the year end process		Yes			
POST MONTH/YEAR ACTION	Tidy the Purchase Ledger - hide accounts no longer in use	Yes	Yes			
	Tidy the Sales Ledger	Yes	Yes			
	Hide any cost centres no longer in use	Yes	Yes			
	Hide any nominals no longer in use.	Yes	Yes			
	Update Users - staff who have moved to a different position or left	Yes	Yes			
	Review Service Level Agreements		Yes			