



Financial Administration

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(This policy supersedes all previous Financial Administration Policies)

Amendments

Policy Date	New Version Number	Summary of change	Comments

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1. Introduction

- 1.1 The Financial Administration Policy is reviewed annually by the Board, and defines the basis for the management and control of the Trust's financial resources.
- 1.2 The policy is executed in accordance with the Academies Financial Handbook, by the Accounting Officer (The CEO), and the Chief Financial Officer (The Trust Business Manager - TBM).
- 1.3 Financial management of, and maintenance of financial records for the Trust is conducted in compliance with:
 - The Academies Financial Handbook, and Academies Accounts Direction
 - Financial Reporting Standard FRS102
 - The Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015)
 - The Charities Act 2011 and Companies Act 2006
- 1.4 The Board appoint an external auditor to audit the statutory accounts annually, in compliance with the requirements of The Charity Commission and the EFA.

2. Financial and Risk Management

- 2.1 The Board exercises its role of financial scrutiny and challenge through the Finance Committee who carry out their responsibilities as follows:
- 2.2 Scrutiny of quarterly management accounts produced by the Trust Business Manager and presented at the appropriate Finance Committee meeting.
- 2.3 Perform the functions of an audit committee, in accordance with the Academies Financial Handbook reviewing risks to internal financial control through an agreed programme of work (see appendix 1). (The committee may delegate this work to one of its members.)
- 2.4 Receive the monthly management accounts produced for each school and engage with the CEO and/or Trust Business Manager on any matters arising. (The committee may delegate this work to one of its members)
- 2.5 Annual review and update of the Financial Risk section of the Risk Register.

- 2.6 Scrutiny of external audit reports and ensure that appropriate actions are taken.
- 2.7 Review of annual budgets for each school for recommendation and approval by the Board.
- 2.8 To authorise unbudgeted revenue and capital expenditure in accordance with this policy.
- 2.9 Review and approval of internal proposals for the application of the EFA capital building and maintenance grants.
- 2.10 Act as remuneration committee for all schools in the Trust, setting Trust pay scales, ensuring all schools carry out performance management, and approving recommendations for progression.
- 2.11 School Heads and Local Governing Bodies (LGB) supported by the Trust Business Manager, formulate budgets (4.1) for recommendation to the Board. The responsibility for managing these budgets lies with Board, who delegate monitoring to the CEO and the Trust Business Manager.
- 2.12 The Trust Business Manager supports each School Head throughout the year with respect to changing demands on financial resources, advising on budget pressures and options with respect to meeting the needs of the school whilst maintaining budgetary discipline.

3. Financial Processes & Procedures

- 3.1 The Trust Business Manager maintains a Financial Processes and Procedures Manual, which is updated annually.
- 3.2 The financial processes and procedures are premised on the principles of good financial control, ensuring that suitably qualified/trained staff execute financial procedures, appropriate division of duties underpins all procedures

4. Authority to spend Trust Financial Resources

Annual Budget:

- 4.1 An Annual Budget for the each of the schools is prepared by the Trust Business Manager and the School Heads.
- 4.2 The budget is proposed by the LGB, reviewed by the Finance Committee and approved by the Board before the commencement of the Financial Year to which it relates.

4.3 The table below summarises the delegated authority *to spend* financial resources of the Trust.

5. Table of delegated authority

1	Curriculum Expense Budgets	Review & approval of curriculum orders against approved budget	ESW Finance Manager/Financial Controllers
2	Curriculum Expense Budgets	Placement of orders for goods & services	ESW Procurement Manager/Finance Manager (as defined by the financial processes and procedures)
3	Catering Expense Budgets	<p>Placement of orders for all provisions (<i>but limited to suppliers and menus defined by the ESW Catering Manager, except bulk orders.</i>)</p> <p>Placement of bulk orders > £3,000</p> <p>Contracts</p>	<p>Kitchen Managers</p> <p>ESW Finance Manager</p> <p>Trust Business Manager</p>
4	Facilities Expense Budgets	<p>Placement of orders under £1,000, already budgeted</p> <p>Placement of orders/purchase of materials under £200</p> <p>Placement of orders over £1,000.</p>	<p>Facilities Manager</p> <p>Site Supervisors</p> <p>Trust Business Manager/ESW Finance Manager</p>

		Service Contracts	Trust Business Manager
5	All Other Expense Budgets, and orders not meeting the boundaries for Curriculum, Catering and Facilities above	Review and approval, already budgeted	Nominated Hub Finance Officer (Under £1,000) Trust Business Manager/ESW Finance Manager (Over £1,000)
6	Managing individual cost centre cost groups	Virements within non curriculum cost centre group under £25,000	Trust Business Manager
7	Managing individual cost centre cost groups	Virements within non curriculum cost centre group* budgets over £25,000	Trust Business Manager & CEO
8	Managing curriculum and curriculum plus cost centres	Virements within curriculum and curriculum plus cost centre groups under £25,000*	School Heads
9	Managing the overall individual school budgets	Virements between cost centre groups budgets under £25,000	Trust Business Manager & School Heads
10	Managing the overall individual school budgets	Virements between cost centre groups* budgets over £25,000	Trust Business Manager & CEO
11	Un-budgeted revenue/capital expenditure (cost centre group level) matched with unbudgeted in- year income, brought forward reserves or capital funds.	Up to £50,000 per annum Over £50,000 per annum Over £100,000 per annum	Trust Business Manager & CEO Finance Committee Board

12	Specific Replacement Funds	Up to £50,000, or in accordance with planned replacement. Outside of above parameters	Trust Business Manager & CEO Finance Committee
13	Capital Expenditure (excluding specific replacement funds)	If matched by capital grants/or other donations	Trust Business Manager & School Heads

* Cost centre groups means group of cost centres as used in the Management Accounts, e.g. Curriculum, Curriculum Plus, Facilities, Administration, IT, Wholeschool, Staff Costs, Supply

6. Procurement

- 6.1 In accordance with the Financial Processes and Procedures, a separation exists between individuals placing orders, setting up new suppliers, approving orders, processing invoices and authorising payments.
- 6.2 Continuous review and comparison of suppliers prices for repeat and new orders is undertaken by the Finance/Procurement, Catering and Facilities Managers, to ensure that best value is achieved for all revenue expenditure falling within previously approved budgets.
- 6.3 Contracts in relation to third party services must be executed by the Trust Business Manager (under £50,000) and the Trust Business Manager and the CEO (over £50,000)

7. Capital Expenditure

- 7.1 Procurement of fixed assets requires:

2 written quotations for single orders > £5,000 and < £15,000
3 written quotations for orders > £15,000

7.2 For all purchases or contracts the number of quotations required could vary from the prescription above, depending on the specifics of the project and the available market place of suppliers, by the joint decision of the CEO and the Trust Business Manager.

7.3 Building contracts for values over £50,000 will be procured in a way suitable to the project, and the method will be agreed with the Finance Committee.

8. Authorisation of Payments

8.1 Payments to third parties are made by BACS transfer, by cheque or by Charge Card. Detailed procedures for processing payments are included in the Financial Processes & Procedures Manual.

9. Payroll

9.1 The Trust payroll is managed by the ESW Finance Manager.

9.2 The addition of a new employees, or the amendment of existing employment contracts is authorised by the Trust Business Manager for all Business Management Teams, and the School Heads, and either the CEO or the Director of Education for all other staff.

9.3 Claims made by casual workers are authorised by the appropriate budget holder, and reviewed by the ESW Payroll Manager, before being incorporated into the payroll.

9.4 Claims made by supply teachers are authorised by the assigned gatekeeper (members of local school Leadership Teams).

9.5 The monthly payroll file is produced by the ESW Payroll Manager and authorised for release by the ESW Finance Manager or the Trust Business Manager.

Appendix 1 – Programme of Work for internal financial risk review

Risk	Review Basis
Risk that expenditure is not authorised	Review sample of orders through to invoice Review a sample of non-order invoices Review a sample of expense claims
Risk that discounts are not secured/ best price achieved	Walk through process of procurement/supplier review
Risk that Stock is misappropriated	Review of stock reconciliations / Walk through the process
Risk that Debts are not recovered	Review of Aged Debtors Review of Other Debtor Schedule
New suppliers are set up by one individual	Review of new supplier authorisations
Amendments to payroll are not properly authorised	Review of amendments to payroll
Casual Claims are not properly authorised	Review of casual claims
Cash banking is not independently checked	Review of cash bank receipts and banking
Suppliers are not being paid in a timely manner	Review of aged creditors
Bank Reconciliations are not completed and reviewed	Review bank reconciliations
Suspense accounts are not cleared or reconciled	Review suspense accounts