

## Financial Administration

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*(This policy supersedes all previous Financial Administration Policies)*

### Amendments

<b>Policy Date</b>	<b>New Version Number</b>	<b>Summary of change</b>	<b>Comments</b>
July 2022	1.1	Minor changes to reflect operational structure	
Dec 2021	1.2	Minor changes to drafting of tests reviewed	
Dec 2022	1.3	Minor changes to reflect structure	
Dec 2023	1.4	Minor text update changes	

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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 Academy Trust Handbook, by the "Accounting Officer"\* (The CEO), and the "Chief Financial Officer"\* (– Finance Director and COO). \* ESFA designations)
- 1.3 Financial management of, and maintenance of financial records for the Trust is conducted in compliance with:
  - The Academy Trust Handbook, and Academies Accounts Direction, Financial Reporting Standard FRS102
  - The Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2019)
  - 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 ESFA.

## **2. Financial and Risk Management**

- 2.1 The Board exercises its role of financial scrutiny and challenge through the Finance and Risk Committee who carry out their responsibilities as follows:
- 2.2 Scrutiny of quarterly management accounts produced by the Finance Director and COO and presented at the appropriate Finance Committee meeting.
- 2.3 Perform the functions of an audit committee, in accordance with the Academy Trust 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 Finance Director and COO on any matters arising. (The committee may delegate this work to one of its members)
- 2.5 Scrutiny of external audit reports and ensure that appropriate actions are taken.
- 2.6 Review of annual budgets for each school for recommendation and approval by the Board.

- 2.7 Review and approval of internal proposals for the application of the ESFA capital building and maintenance grants.
- 2.8 School Heads and Local Governing Bodies (LGB) supported by the Finance Director and COO, 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 Finance Director and COO.
- 2.9 The Finance Director and COO 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 Finance Director and COO 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 Finance Director and COO 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 Director of Accounting /FinancialControllers
2	Curriculum Expense Budgets	Placement of orders for goods & services	ESW Operations Director/Director of Accounting (as defined by the financial processes and procedures
3	Catering Expense Budgets	Placement of orders for all provisions ( <i>but limited to suppliers and menus defined by the ESW Area Catering Managers, except bulkorders.</i> )  Placement of bulk orders > £3,000  Contracts	Kitchen Managers  ESW Director of Accounting  Finance Director and COO
4	Facilities Expense Budgets	Placement of orders under £1,000, already budgeted  Purchase of parts and materials under £200  Placement of orders £1,000 already budgeted.	Operations Director  Site Supervisors  Operations Director and Director of Accounting (per procedures manual)

		Service Contracts	Finance Director and COO
5	All Other Expense Budgets, and orders not meeting the boundaries for Curriculum, Catering and Facilities above	Review and approval, already budgeted	Financial Controller <i>(Under £1,000)</i>  ESW Director of Accounting <i>(Over £1,000)</i>
6	Managing individual cost centre cost groups	Virements <b>within</b> non curriculum cost centre group	ESW Director of Accounting
7	Managing curriculum and curriculum plus cost centres	Virements <b>within</b> curriculum and curriculum plus cost centre groups *	School Heads & ESW Director of Accounting
8	Managing the overall individual school budgets	Virements <b>between</b> cost centre groups budgets	Finance Director and COO, Director of Accounting and School Heads
9	Unbudgeted revenue/capital expenditure items, matched with unbudgeted in-year income, brought forward reserves, or capital funds.	Up to £100,000  Over £100,000  Over £500,000	Finance Director & COO & CEO  Finance Committee  Board

10	Specific Replacement Funds	In accordance with budgeted replacement.	Finance Director and COO
11	Capital Expenditure (excluding specific replacement funds and grants)	If matched by capital grants/or other donations	Finance Director and COO, and CEO in consultation with Finance Committee

\* 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 supplier's prices for repeat and new orders is undertaken by the Finance/Procurement, Catering and Operations Managers, to ensure that best value is achieved for all revenue expenditure.
- 6.3 Contracts in relation to third party services must be executed by the Finance Director and COO .

## **7. Capital Expenditure**

- 7.1 Procurement of fixed assets requires 2 written quotations for single orders > £10,000 and <£25,000, and 3 written quotations for orders >£25,000.
- 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 Finance Director and COO.
- 7.3 Building contracts for values over £100,000 will be procured in a way suitable to the project, and the method will be agreed approved by 2 Directors who are members of 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 Director of Accounting.

The addition of a new employees, or the amendment of existing employment contracts is authorised in accordance with Scheme of Delegation

9.2 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.

9.3 The monthly payroll file is produced by the ESW Payroll Manager and authorised for release by the Director of Accounting

## 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 sample of expense claims
Risk that discounts are not secured/ best price achieved	Walk through test of process of procurement
Risk that Stock reconciliations do not warn of stock misappropriation	Review of stock reconciliations Walk through the process
Risk that Debts are not recovered	Review of Aged Debtors Review of Other Debtor Schedule
New supplier authorisation forms are improperly authorised	Review of new supplier authorisations
Requests for changes to payroll improperly 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 by the Finance Manager at least monthly, with the date of the review recorded	Review bank reconciliations
Suspense accounts are not cleared or reconciled	Review suspense accounts