

Evolve Financial Procedures Manual

Evolve Church Academy Trust



Approved by: 

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Introduction

The purpose of the Financial Management Handbook is to ensure that Evolve Church Academy Trust (the 'Trust') maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's funding agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook. The Financial handbook expands on that and provides detailed information on the Trust's accounting procedures and system manual should be read by all staff involved with financial systems.

Principles

The Trust must undertake all activity in accordance with the following principles.

Basic principles taken from HM Treasury's handbook "Regularity, Propriety and Value for Money" 2004:

- do not bend or break the rules;
- do not deceive or knowingly mislead;
- do not allow a conflict of interest of affect, or appear to affect, decisions;
- do not use public money for the private benefit of yourself or others;
- do comply with the law;
- do put in place and follow clear and up-to-date procedures;
- do seek approval first, and from the right person where required;
- do record the reasons for decisions; and
- be honest, impartial and fair.

Standards expected of all public services taken from HM Treasury's "Managing Public Money" 2013:

- honesty, impartiality, openness, accountability, accuracy, selflessness, fairness, integrity, transparency, objectivity and reliability; and
- work must be carried out in the spirit as well as the letter of the law; in the public interest; to high ethical standards and should achieve value for money.

If any member of staff, Trustee or Local Governing Body Governor suspects any fraud or malpractice, the Trust's Whistle Blowing Policy must be reviewed and followed.

Organisation

The Trust has defined the responsibilities of each person involved in the administration of the Trust's finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Governors and staff.

The detailed Organisation Chart for the Trust can be seen at Appendix A.

The Board of Trustees

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

The Board of Trustees delegates a number of functions to the Local Governing Bodies (LGB) for each of the Trust's Academies. Each LGB reviews annual Academy plans and budgets, monitors progress against target and OFSTED standards and oversees parent and community liaison. Representatives from each LGB also sit on the main Board of Trustees.

The Trust Finance Committee

The Trust Finance Committee is a committee of the Board of Trustees. The Trust Finance Committee meets at least three times a year but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Board of Trustees.

The main responsibilities include:

- the review of the annual budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act and the DfE guidance issued to Academies;
- reviewing the reports on the effectiveness of the financial procedures and controls. These reports must also be reported to the Board of Trustees.

Local Governing Body (LGB)

Composition and membership of the Local Governing Body (LGB) will be determined by the individual Academies and will be ratified by the Board of Trustees. Any changes in LGB should be reported to the Trustees as set out in the MAT Articles of Association.

The Accounting Officer

Within the framework the Accounting Officer has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Head teacher and Local Governing Body at each school but the Accounting Officer still retains responsibility for financial propriety of the MAT. The Accounting Officer may however delegate their functions to another suitable employee of the MAT.

Head teacher

The Head teacher and its committees, takes overall responsibility for financial matters within their Academy, and has the following responsibilities;

- to work with the finance staff to construct and to review the annual budget plan;
- to authorise in-year budget changes and virements up to the limit defined in the financial Scheme of Delegation, and assuming no worsening of forecast outturn, and excluding revenue/capital swaps and changes to staffing structure;
- to authorise expenditure and to sign cheques or authorise BACS payments for individual transactions up to the limit defined in the financial Scheme of Delegation; and
- to review all asset disposals and write-offs.

Executive Bursar

The individual school Bursar works in close collaboration with the Head teacher at their school and/or the Accounting Officer through whom he or she is ultimately responsible to the Trustees. The Executive Bursar also has direct access to the Trustees via the Finance Committee.

The main responsibilities of The Bursars is:

- the operation of a suitable accounting system;
- the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by both their Head teacher and the Local Governing Body;
- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- the preparation of monthly/quarterly and annual management accounts;
- Preparing/ signing cheques in conjunction with the Head teacher in-line with the Scheme of Delegation;
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance;
- the day-to-day management of financial issues;
- to provide day-to-day guidance and support to the Head teacher, Local Governing Body and other relevant staff
- ensure finance and payroll systems are effectively managed;
- the maintenance of effective internal controls;
- authorising orders in-line with the Scheme of Delegation;
- to manage the tendering of all service contracts; and
- monitoring all insurance policies

Other Staff

All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Training in Operating in line with Outlined Financial Responsibility

All personnel within the organisation will be instructed on their responsibility as outlined above and receive training on how to fulfil these responsibilities. The training will usually take the form of an induction style, sit down session, to walk through systems and answer any questions. For all roles head teacher and down within the organisation, this training will be conducted by the Executive Bursar and/or the Head of School.

For Governors, there is also training available on the NGA website which will be accessed to inform new and current governors/trustees about managing finances of schools and trusts. In addition to this, our accountants offer training to staff that have a greater degree of complex involvement; exec bursar and AO, on broader areas of trust financial management that will feed into the systems that we run.

Our school administrators and finance assistant receive training from the exec bursar on to core area purchasing and the related systems.

Register of Interests

Please refer to Appendix B for the template Register of Interests form which must be completed at the sooner of either annually or whenever a change in an individual's interest occurs.

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Trustees, Governors and staff with significant financial or spending powers (i.e. Senior Leadership Team members) are required to declare any financial interests they have in companies or individuals from whom the Academy / Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by the any committee. Where an interest has been declared individuals should not attend that part of any committee or related meetings or be involved in any part of the decision taking place.

Accounting system

All the financial transactions of the Academy must be recorded into FMS, the computerised financial information accounting system.

System Access

Entry into FMS is password restricted and the Bursar is responsible for implementing a system which ensures that passwords are changed at least every 12 months (or whenever prompted), which also includes changing the Head teachers and finance assistants password. When passwords are changed the new password for the Bursar, finance assistant and the Head teacher should be placed in a sealed envelope and kept in the safe.

Access to the component parts of FMS is restricted to the Bursar who is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

Backup of the financial software occurs automatically and is held on an off-site server. The Bursar should also prepare a disaster recovery plan, or have a suitable service level agreement in place for full restoration, in the event of loss of accounting

facilities or financial data. This should link in with the annual assessment made by Board of Trustees/Local Governing Body of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

All journal entries must be documented on the appropriate journal form, being input to the accounting system by the Bursar. Bank transactions should be input by the Bursar and the input should be checked, and signed to evidence this check, by the Head teacher.

Reconciliations

The Bursar is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Accounts receivable/ Aged debtor report
- Outstanding order reports
- purchase ledger control account;
- payroll control account;
- bank reconciliation to the bank statement;
- VAT 126 report and relevant additional VAT supporting documents
-

Any unusual or long outstanding reconciling items must be brought to the attention of Head teacher. The Bursar will review and sign and date all reconciliations as evidence of his/her review.

Financial Planning

Each Academy prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below.

Development Plan

The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DFE.

Each year the Head teacher will propose a planning cycle and timetable to the LGB which allows for:

- a review of past activities, aims and objectives – “did we get it right?”
- definition or redefinition of aims and objectives – “are the aims still relevant?”
- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring and review of the plan – “who needs to do what by when to make
- the plan work and keep it on course”; and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head teacher.

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy Head teacher. The Head teacher should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

The Bursar, Head teacher and Executive Head teacher are responsible for preparing and obtaining approval for the annual budget of their Academy. The budget must be approved by the Head teacher of each Academy and LGB Full Board.

This will then be passed to the Trust Finance Committee and the Board of Trustees for final approval.

The approved budget must be submitted to the DFE by 30 July each year and the Executive Bursar is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;

- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings; and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

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.

Finalising the Budget

Post approval of the budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

Monthly reports will be prepared by the Executive Bursar. The reports will detail actual income and expenditure against budget codes for the Head teacher and the LGB Finance Committee to review.

Any potential overspend against the budget must in the first instance be discussed with the Head teacher. The accounting system will not allow payments to be made against an overspent budget without the approval of The Head teacher.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements as per the Scheme of Delegation must be authorised.

All virements should be presented to the next LGB Finance Committee as procedure whether their approval is required or not.

Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- Payments.
- Staffing variations

Staff Appointments

The Head teacher has authority to appoint staff within the authorised establishment except for Vice Principals and Bursars whose appointments must follow consultation with the LGB Pay and Personnel Committee Trustees. The Executive Bursar maintains personnel files for all members of staff in a central location which include contracts of employment. All personnel changes must be notified, in writing, to Head teachers and the Executive Bursar immediately.

Payroll Administration

The Academy payroll is administered through the Academy's payroll provider. All staff are paid monthly through the Academy payroll provider. A master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details; and
- any deductions or allowances payable.

New master files can only be created by the Executive Bursar with the express approval of Head teacher. Any master file amendments made by the Executive Bursar must be printed out each month prior to the payroll run and must be authorised by The Head teacher. Any master file amendments made by The Executive Bursar must be authorised by the Head teacher or the Executive Head teacher.

The Head teacher, or Bursar, in the Academy must complete a monthly staff return which provides details for all staff in the Academy of sickness and other absences during the month and any new appointments or terminations and variations. The staff return must be authorised by the Head teacher.

Dates are provided by the payroll providers as a timetable for variations to be omitted by.

Payments

Before salaries are dispatched a printout of all data will be sent from the payroll provider to the Academy, within the allocated payroll amendment window, And this should be checked against source documentation by the Executive Bursar and then reviewed and signed and dated by the Executive Bursar. The reconciliation should also be dated and signed by the Head teacher or executive Head teacher.

Authority to release payment will be by the Executibe Bursar, the Head teacher or Executive Head teacher.

All salary payments are made by BACS.

The Executive Bursar should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Head teacher with any appropriate action taken if variances highlight unexpected differences.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Executive Bursar should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

On an annual basis the Bursar must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

Purchasing

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

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

Routine Purchasing

Staff will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the Executive Bursar to manage the budget and to ensure that the funds available are not overspent.

See Annex C for the Trust Scheme of Delegation.

The Scheme of Delegation sets out the values at which particular action must be taken to ensure correct authorisation and procedures to secure value for money procurement is followed.

See Annex D for the Trust Documenting Tender Procedures Template.

To demonstrate value for money this template should be completed and attached to the successful suppliers invoice along with any supporting documentation.

All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the School Office. Orders must bear the signature of the

individual placing the order and must be forwarded to the Executive Bursar who will check to ensure adequate budgetary provision exists before placing the order.

Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number. Orders will be dispatched to the supplier from the School Finance Office.

The requester must make appropriate arrangements for the delivery of goods to the Academy. On receipt the requester must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Executive Bursar should be notified. The Executive Bursar will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Executive Bursar. Invoice receipt will be recorded by the Executive Bursar or finance office into FMS. The Executive Bursar will stamp invoices with a grid against which the following can be evidenced by the Executive Bursar authorising payment:

- a) invoice arithmetically correct;
- b) invoice posted to purchase ledger;
- c) goods/ services received;
- d) goods/services as ordered;
- e) prices correct;
- f) invoice authorised for payment;
- g) payment authorised;
- h) VAT treated correctly; and
- i) payment made.

Boxes (a) to (i) will be completed by the Executive Bursar.

If an individual who placed the order is pursuing a query with a supplier, the Executive Bursar must be informed of the query and periodically kept up to date with progress.

The Bursar will generate the cheques. The cheques and associated paperwork must be looked at by two authorised signatories out of the nominated group of authorised signatories on file and then the cheque should be signed by two of the authorised signatories.

Cheques will be dispatched to the suppliers by the Executive Bursar or finance office and then the paperwork filed in the appropriate file.

Procurement Card

If a school has a procurement card in place a maximum limit for each Academy monthly spend should be adhered to as per the Scheme of Delegation. The card can only be used following EFA guidelines on purchases conforming to regularity principles i.e. purchases can only be made for purposes intended to benefit the objectives of the school.

The cardholders at each school can be the Executive Bursar, Executive head teacher, Head teacher or Chair of Governors.

Step 1

The cardholder makes the purchase and advises The Executive Bursar by giving in a receipt or proof of purchase/VAT receipt.

Step 2

When the monthly statement is received the Executive Bursar will reconcile the statement against the receipts, attaching all information to the Transaction Log.

Step 3

Once the reconciliation is complete the Executive Bursar will submit the Bank Statement and Transaction Log to the Head teacher for authorisation via signing and dating the Transactions Log. The statement is then cleared a cash book journal entered on the financial management system.

Expenses

Expenses must be claimed on an appropriate form, and must be agreed in advance with the Head teacher...

The Executive Bursar must check and the Head teacher or Executive Head teacher will authorise expenses claims.

Expenses forms for mileage and parking must be forwarded to the payroll provider by the agreed means and copies must be retained.

Expenses cannot be reimbursed by cash, and may only be paid by cheque in exceptional circumstances, where it would be unreasonable to expect an individual to wait for payment.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The Head teacher must discuss how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs;
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements; and
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders;

- only one or very few suppliers are available;
- extreme urgency exists; and
- additional deliveries by the existing supplier are justified.

N.B As part of the tender process, depending on the Contract, the support of the Trustees and Trust Management may also be required.

Preparation for Tender

Full consideration should be given to:

- objective of project;
- overall requirements;
- technical skills required;
- after sales service requirements; and
- form of contract.

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider:

a) Financial

- like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision;
- care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs; and
- is there scope for negotiation?

b) Technical/Suitability

- qualifications of the contractor;
- relevant experience of the contractor;
- descriptions of technical and service facilities;
- certificates of quality/conformity with standards;
- quality control procedures; and
- details of previous sales and references from past customers.

c) Other Considerations

- pre-sales demonstrations;
- after sales service; and
- financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as per the Scheme of Delegation:

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for particular value contracts as per the Scheme of Delegation along with a report for the Local Governing Body and Trust Finance Committee highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

Income

The main sources of income for the Trust are the grants from the DfE and from our donations. The receipt of these sums is monitored directly by the Executive Bursar who is responsible for ensuring that all grants due to the Academy are collected.

The Academy also obtains income from:

- students, mainly for trips; and
- The public, mainly for sports lettings.

Trips

A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Bursar.

Students should make payments through the inline cashless payment system.

The Executive Bursar should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts with the help of the admin assistant.

Lettings

The Bursar is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the facilities will be held by the administrator of each school.

No debts should be written off without the express approval of the Local Governing Body as per the Scheme of Delegation (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Organisations using the facilities should be instructed to send all payments to the Academy Finance Office.

Custody

Official, pre-numbered Academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place as frequently as possible to ensure the sums collected do not exceed the insurance limit on the Finance Office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Executive Bursar is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and signed and dated by the Executive Bursar.

Cash Management

Bank Accounts

The opening of all accounts must be authorised by the directors of the trust who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit;
- a reference, such as the number of the receipt or the name of the debtor; and
- total banking slips are signed by the Head teacher who also sees the control slips and signs the cash book.
-

Payments and withdrawals

All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:

- Executive Head teacher;
- Executive Bursar;
- Head teacher;
- Chair of Trust Finance Committee

This provision applies to all accounts, public or private, operated by or on behalf of the Trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

The Executive Bursar must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the Academy's financial management package;
- reconciliations are prepared by the Executive Bursar;
- reconciliations are signed and dated as reviewed by the Executive Head teacher or the Head teacher; and
- adjustments arising are dealt with promptly.

Cash Flow Forecasts

The Executive Bursar is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day to day operations. If

significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages.

Investments

Investments must be made only in accordance with written procedures approved by the Board of Trustees.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment.

Additional procedures may be required to ensure any income receivable from the investment is received.

Fixed assets

Asset register

All items purchased with a value over the Trust's capitalisation limit set out in the Scheme of Delegation must be entered in an asset register. The asset register should include the following information:

- asset description;
- asset number;
- serial number;
- date of acquisition;
- asset cost;
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life;
- depreciation;
- current book value;
- location; and
- name of member of staff responsible for the asset.

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 and the Trust's financial system; and
- to support insurance claims in the event of fire, theft, vandalism or other disasters.
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Security of assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Local Governing Body and Trust Finance Committee. Where items are used by the Academy but do not belong to it, this should be noted.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by The Executive Bursar, or Head teacher. Where disposals are pass thresholds as per the Scheme of Delegation, they should be sold following competitive tender.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

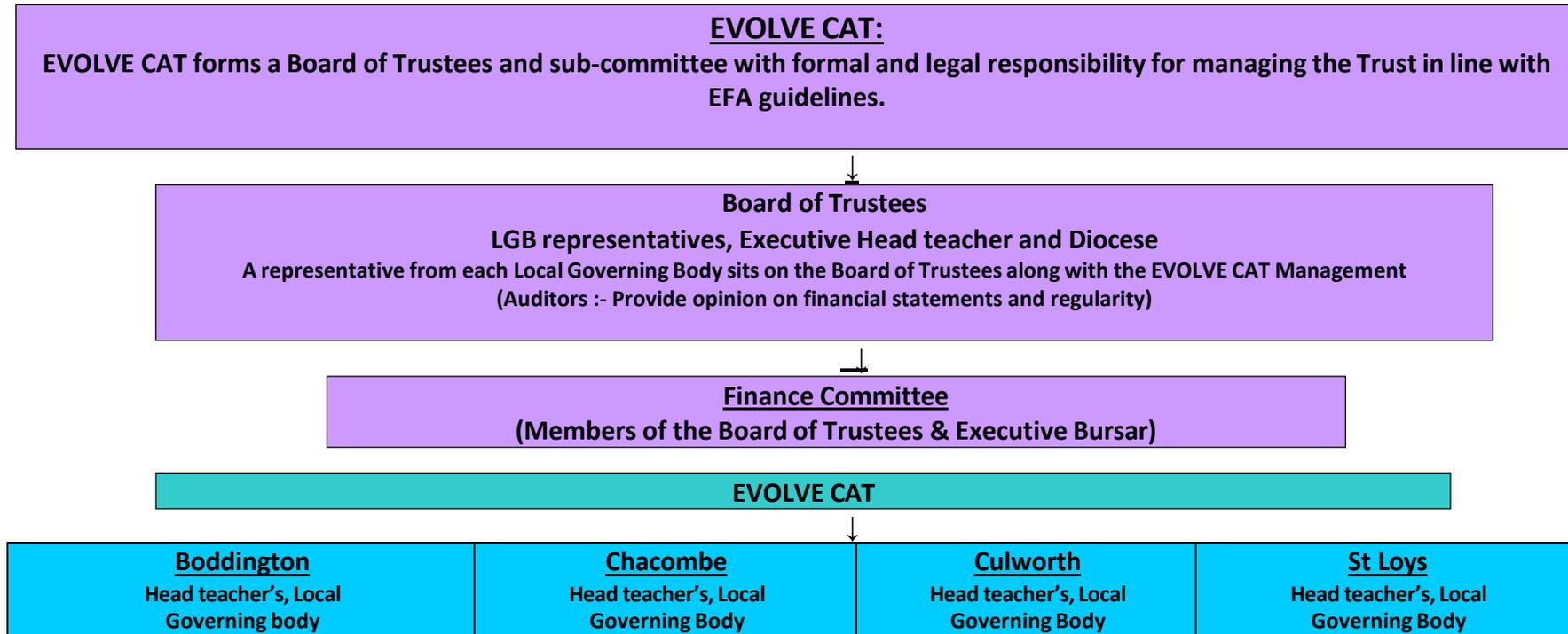
All disposals of land must be agreed in advance with the Secretary of State as per the Scheme of Delegation.

Loan of Assets

Items of Academy property must not be removed from Academy premises without the permission of the Executive Head teacher, Executive Bursar or Head teacher and booked back in to the Academy when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Appendix A – Organisational Structure



Education Funding Agency – Provide funding to each school

Ofsted – Review each school

Appendix B – Related Party Questionnaire

Your Directorships (including Governorships / Trusteeships), Partnerships and Employments (incl. self-employment)

Name of organisation	Nature of organisation	Nature of interest in the organisation	Date when interest began	Have there been any financial dealings with the organisation (Y/N)

Your related parties* Directorships (including Governorships / Trusteeships), Partnerships and Employments (incl. self-employment)

Name of organisation	Nature of organisation	Nature of interest in the organisation	Date when interest began	Have there been any financial dealings with the organisation (Y/N)

Where financial dealings have been noted, please complete the following information:

Name of organisation	Nature of the financial dealings / transaction	Amount (s) involved £	Confirmation the transaction was in line with the DFE 'At Costs' Rule	Confirmation the transaction was in line with Financial Management Policy

Declaration

I confirm that I have provided a complete and accurate record of my related party relationships and have provided full details of any transactions involving me and any of my related parties during the period ended 31 August [insert year].

Name: Position

Signed: Date:

Annex C – Scheme of Delegation

EVOLVE CAT – Scheme of Delegation								
	Government or Trust Level				Academy Level			
	EFA	BOARD OF TRUSTEES	FINANCE COMMITTEE	ACCOUNTING OFFICER	LOCAL GOVERNING BODY	ACADEMY HEADTEACHER	EXECUTIVE BURSAR	FINANCE OFFICER
Budgeting								
Annual Budget	N/A	Approves	Reviews and approves subject to Board of Directors approval	Reviews	Finance Committee and Full Board – review and approve each school’s annual budget. This is then presented to the Trust Level for final approval	Prepares and reviews	Prepares	
In-year budget revisions and virements over £5000	N/A	N/A	Approves	Approves and presents to Finance Committee for final approval	Reviews	Approves and presents to Accounting Officer for approval	Prepares	
In-year budget revisions and virements under £5000	N/A	N/A	All virements are presented however, those under £5000 do not need to be approved	N/A	Finance Committee review and approve each schools virements under £5000	Prepares and reviews	Prepares	
Capitalisation of assets								
Assets capitalised if cost value of £500 or more	N/A	N/A	Presented with Fixed Asset Registers for review	N/A	Finance committee receives and reviews Fixed Asset Registers	Reviews Fixed Asset register	Prepares and maintains fixed asset register	Prepares and helps to maintain
Disposals and Additions								
Disposal of freehold on land or	Authorises any disposal of freeholds	Authorises over £10,000 other than freeholds on	Authorises all disposals other than freeholds on land or	Reviews disposals and presents to Trust Level Committees				

buildings or of heritage assets	on land or buildings or of heritage assets	land or buildings or of heritage assets	buildings or of heritage assets					
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EVOLVE CAT – Scheme of Delegation								
	Government or Trust Level				Academy Level			
	EFA	BOARD OF TRUSTEES	FINANCE COMMITTEE	ACCOUNTING OFFICER	LOCAL GOVERNING BODY	ACADEMY HEADTEACHER	EXECUTIVE BURSAR	FINANCE OFFICER
Acquisitions of assets whether freehold on land or buildings or other assets	Approve acquisition of freehold land or buildings	Authorises over £10,000, excluding freeholds on land and buildings	Authorises up to £10,000 excluding freeholds on land and buildings	Reviews acquisitions and presents to Trust Level Committees	Provides recommendations to Trust Level on acquisitions	Prepares and reviews	Prepares	
Investments or borrowing								
Borrowing, Loans and overdrafts	All borrowing, loans and overdrafts must be approved by the EFA	Presented with any instances of borrowing in order to take action	Presented with any instances of borrowing in order to take action	Prepares	Presented with any instances of borrowing and forwards reports to Trust Level Committees	Prepares	Prepares	
Surplus funds investments	N/A	Authorises any formal investments under £10,000	Approve investment policy and authorises investments under £10,000	Prepares any investment options for Trust Committee approval	Reviews options for Investments and passes on Recommendations to Accounting Officer	Prepares and reviews	Prepares	
Purchasing								
Cheque run approval	N/A	Presented with reports of cheque runs approved over £50,000	Authorises cheque runs over £50,000. Also, the Chair of Finance Committee counter-signs cheque runs over £20,000	Authorises cheque runs over £25,000 to £49,000		Authorises cheque runs up to £25,000	Prepares cheque runs for authorisation and authorise runs up to £25,000	Prepares cheque run for authorisation
Novel or contentious	Authorises all novel or	Presented with any instances of	Presented with any instances of novel or	Prepares	Presented with any instances of	Prepares	Prepares	Prepares

transactions	contentious transactions	novel or contentious transactions in order to take action	contentious transactions in order to take action		borrowing and forwards reports to Trust Level committees			
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EVOLVE CAT – Scheme of Delegation								
	Government or Trust Level				Academy Level			
	EFA	BOARD OF TRUSTEES	FINANCE COMMITTEE	ACCOUNTING OFFICER	LOCAL GOVERNING BODY	ACADEMY HEADTEACHER	EXECUTIVE BURSAR	FINANCE OFFICER
Procurement card limit of £2000 monthly / £500 one off spend and authorisation	N/A	N/A	Informed of any instances of fraud, irregularity or breaches of monthly limits have been breached in order to take action	Prepares reports for committee, if required	Informed if any instances of fraud, irregularity or breaches of monthly limits have been breached to then inform Trust Level Committees	Authorises spend on credit card each month to the transaction log and informs committees if breaches identified	Prepares transaction log for approval, authorise spend on credit cards each month	Prepares transaction log for approval
Operating leases	Approval required if: i) Taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years or ii) granting a leasehold interest, including a tenancy agreement, of any duration, on	Presented with any instances which require EFA approval in order to take action	Approve operating leases if either the annual lease cost is £10,000+ or the lifetime lease cost is £20,000+	Prepares reports for committee, if required	Finance Committee approve operating leases if either cost is £2000 to £10,000 or the lifetime lease is £5000 to £20,000	Authorises order and authorises operating leases if either annual lease cost of up to £1999 or the lifetime lease cost is up to £4999	Prepares	Helps to prepare

	land or buildings to another party							
Purchasing - Quotations								
Quotes <£2000	N/A	N/A	N/A	N/A	Authorises a preferred supplier list	Authorises order	Discretion of supplier selection with no quotations required	
Quotes £2000-£9,999	N/A	N/A	N/A	N/A	Authorises a preferred supplier list	Authorises order	Complete the 'Tender procedure document' and one quotation being required (written or verbal) from preferred suppliers list	
Quotes £10,000 - £19,999	N/A	N/A	Presented with approved tender suppliers	N/A	Authorises a preferred supplier list and approves any tenders formally at Full Governing Body	Authorises order	Complete the 'Tender procedure document' and three quotations being required (all must be documented and not verbal) from independent suppliers	
Quotes £20,000 or more to EU Threshold (111k)	N/A	Presented with approved supplier tender details	Approves supplier selected and tender procedures	Prepares and reviews report for Committee	Reviews supplier and tender procedures and makes recommendations to Trust Finance Committee for approval	Authorises order	Complete the 'Tender procedure document' and three quotations being required (all must be documented and not verbal) from independent suppliers. Ensure purchase has been adequately	

							advertised for 10 days. Formal invitation to tender process must be followed	
Quotes of EU Threshold and above		Presented with approved supplier tender details	Approves supplier selected and tender procedures	Prepares and reviews report for Committee	Reviews supplier and tender procedures and makes recommendations to Trust Finance Committee for approval		Must be advertised in OJEU Official Journal of the European Union) and allow 37 days thereafter for expression of interest	
Payroll								
Head teacher appointments – Senior appointments	N/A	Authorise formal appointment	N/A	N/A	Provide report/recommendations to Board of Directors for formal approval	N/A	N/A	
Staff appointments – Other appointments	N/A	N/A	N/A	Presented with appointment details	Pay and Personnel Committee and Full Governing Body formally approve the appointment. If there are budget implications then protocol must be followed	Approves appointment which is formally authorised by the Pay and Personnel Committee and Full Governing Body	N/A	
Severance payments	Authorises any severance payments £50,000 or more	Presented with any instances of severance payments over £50,000 in order to take action	Authorise all severance payments under £50,000	Prepares reports for Committees	Pay and Personnel Committee presented with severance payments reports and makes recommendations to Trust Finance Committee	Prepares reports for Committees	N/A	
Write Offs								
Write Offs	Above 1% of income/£45,000 max per transaction or 5% cumulatively per annum	Presented with any instances of write – offs which require EFA approval and takes	Up to 1% / £45,000 max per transaction and up to 5% max cumulatively per annum	Prepares and reviews	Finance Committee review write-offs and presents these to the Director Level committee	Prepares and reviews	Prepares	

		action						
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Annex D – Tender Procedure Template

DESCRIPTION OF GOODS/SERVICES TO PROCURE

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ESTIMATED COSTS OF THE GOODS/SERVICES

£

QUOTATIONS MATRIX

<u>Value of estimated Costs</u>	<u>Minimum quotations required</u>
<u>£1 to £999.99</u>	None
<u>£1000 to £9,999</u>	Two (written or verbal) unless preferred supplier list used and then only one quote from this list is required
<u>£10,000 to £19,999</u>	Three (written)
<u>£20,000 to EU Threshold (£111,000)</u>	Adequate advertising for a minimum of 10 days with formal invitation to tender. Three (written)
<u>Eu Threshold +</u>	Full advertisement in the OJEU (Official Journal of the European Union) and allow 37 days thereafter for expressions of interest, then formal invitation to tender Three (written)

DETAILS ON SUPPLIERS CONTACTED

<u>Name of Supplier</u>	<u>Evidence of quotation</u>	<u>Value of Quotation (£)</u>	<u>Quotation Selected</u>

REASON FOR QUOTATION SELECTION

(THIS MUST BE COMPLETED IF LOWEST PRICED QUOTE WAS NOT SELECTED)

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Prepared by - Name:

Date:

Signed by & Name:

Date:

Approved by (if appropriate):

Date:

Appendix E: Procurement – Best Practice Checklist

1. **Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:
 - **roles and responsibilities** of those involved in procurement (e.g. Governing Body, Executive Head teacher, other Senior Leadership Team members and the Executive Bursar);
 - **delegated authority levels**, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the governance structures; and
 - **arrangements to ensure segregation of duties**; and
 - **how purchases are recorded** (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, **individuals with relevant experience including the end-users (e.g. ICT managers, teachers) should be involved** when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the Academy, but may also help achieve buy –in by the end-users.
3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the Academy’s start-up period. This person should provide an assessment of the completeness and reasonableness of items procures, to ensure that all essential purchases are made prior to opening, and that all non-essential purchases are challenged.
4. **Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:
 - Minutes should be taken of all relevant meetings
 - The options available should be recorded
 - The basis for scoring/ranking should be set out
 - The individuals responsible for scoring/ranking should be identified
 - The outcome of the scoring and the final decision should be recorded and
 - The reasons on which the decision was reached should be clearly documented
5. **All key documents should be retained together by the Academy.** This includes
 - Invitations to tender
 - Tenders received from bidders
 - Quotes obtained for smaller purchases
 - Papers/minutes documenting the procurement decision
 - Signed copies of the contracts awarded
 - Invoices

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT. Furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the Academy prior to cessation of the contract with the project management company.

6. **Fitness for purpose should be a key consideration in any procurement decision** (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability.)
7. Opportunities should be taken for **bulk purchase discounts**, for example by combining similar orders.

8. When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

Annex F – Relevant Financial Policies and Procedures for reference

Whistleblowing Policy

Financial Scheme of Delegation

Financial Management Standard

Evolve Financial Procedures 2021-22 (training edit)

Final Audit Report

2022-07-18

Created:	2022-07-18
By:	Oliver Johnson (o.johnson@evolvecat.org)
Status:	Signed
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