



# **EDITH STEIN** **CATHOLIC ACADEMY TRUST**

## **MANUAL OF FINANCIAL PRACTICE** **AND PROCEDURE**

- **DRAFTED/PREPARED BY:** Chief Financial Officer
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- **SCRUTINISED BY:** Local Governing Body /  
Local Governing Body Sub Committee
- **APPROVED BY:** Directors
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- **CHAIR OF BOARD OF DIRECTORS:** Capt M Evans RN (Rtd)

## Document Amendments

Version Date	Section / Page	Amendments
August 2023	Section 2 / Page 8	Removal of reference to Budget Forecast Return Outturn as no longer required.
	Section 3 / Page 8	Removal of reference to 365 Day Term Deposit Account which is no longer held.
	Section 11, Page 12 & 13	Comprehensive review of the Payroll section to reflect the current procedures.
	Section 12, Page 13 & 14	Comprehensive review of the Travel Claims section to reflect the current procedures.
	Section 13, Page 14	Change to reflect the move from Access to IRIS Financial Planning for budget forecasting.
	Section 27, Page 23	Change in date for submitting the annual 3 year budget forecast return.
	Throughout document	Other minor textual changes.
August 2022	Section 11, Page 14	Changes to reflect Oaklands payroll being brought in house
August 2020	Whole Document	Changes to reflect that this is now a trust level document covering all schools within the trust. Not all sections will be appropriate to all schools within the trust.

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For the purposes of this document 'the Trust' will mean the Edith Stein Catholic Academy Trust (ESCAT) and a 'school' will mean any individual academy school operating as part of the ESCAT. Where particular reference is made to the composition or responsibilities of the Members or Directors of the Trust Company it will be referred to as the ESCAT. This document should be read in conjunction with the current Finance Policy and school Staff Handbook.

## 1. Overview

All academies are constituted as charitable companies limited by guarantee, registered with Companies House and must comply with the law and regulations as set out in the Companies Act 1985 and 1989, as well as with charity law and the requirements of the Charity Commission and the statement of Recommended Practice (SORP) – Accounting and Reporting by Charities 2005 (updated 2008)

The Edith Stein Catholic Academy Trust, originally The Catholic Academy Trust in Havant was incorporated on 27<sup>th</sup> July 2011 when Oaklands Catholic School and Sixth Form College converted to academy status. Corpus Christi Catholic Primary School joined the Trust on 1<sup>st</sup> April 2021. ESCAT is registered in England and Wales, Company Registration Number 7721932.

This information is now displayed in line with requirements by law on our headed paper, orders and on all email correspondence and outside the company premises.

The Trust is currently made up of 5 members and the following directors all of whom are appointed by the Bishop for a term of 4 years:-

- 5 Foundation Directors
- 2 Co-opted Community Directors

The following will act as Ex Officio members of the Board of Directors

- The Chief Executive Officer
- The Chief Financial Officer/Company Secretary

Headteachers of individual academy schools and other subject matter experts may be co-opted to the Board of Directors as required

## 2. Roles and Responsibilities

Schools within the Trust will operate within the guidelines of the Funding agreement made between the DfE and the Trust and comply with the roles and responsibilities of the directors detailed in the agreement.

Each Local Governing Body will exercise its powers and functions with a view to fulfilling a largely strategic role in the running of the school and shall consider the advice given by the Headteacher.

The ESCAT Finance Policy includes the policies for Charges and Remissions and Bad Debts and a list of delegated authorities which will be approved by the Trust and reviewed on an annual basis. This document will give full details of how the policy will be implemented by the Directors, Governors and all staff who work in the school.

The roles and responsibilities of each Local Governing body and the responsibilities of any delegated committees are detailed in the Terms of Reference which will be reviewed on an annual basis at the first meeting of the committee in the academic year. The terms of reference will also detail the limits of delegated authority and channels of reporting. Details of how often committees will meet and the number of Governors required to ensure the committee is quorate will also be included. All Committees will have a chair and vice chair elected at the first meeting of the academic year.

All Members, Directors and Governors are required to complete an annual declaration of their financial and pecuniary interests detailing business interests of relatives such as parents, spouse, cohabitee or business partner where influence could be exerted by that person over a member, director, governor or member of staff. These records will be held by the Company Secretary. Directors will also be required to complete the Fit for Purpose declaration issued by HMRC for Charity Trustees.

As academy trusts are companies limited by guarantee with charitable status, directors who sit on the Board of Directors are the legal Trustees of the charity. This confers certain obligations upon the Trustees to protect the assets, property and good name of the charity. The legal requirements of the Trustees are set out below:-

Trustees have full responsibility for the charity and must:

- Act together in person and not delegate control of the charity to others
- Ensure funds are used only in accordance with its powers under the funding agreement (including articles of association) and the Academy Trust Handbook;
- Ensure funds are used only in accordance with the law;
- Be responsible for the proper stewardship of funds ensuring Economy, Efficiency and Effectiveness;
- Act in the trust's interests only, without regard to their own private interests;
- Manage the trust's affairs prudently throughout the life of the Trust;
- Not derive any personal benefit or gain from the trust of which they are Trustees and
- Take proper professional advice on matters on which they are not themselves competent

Each Trust meeting should consider:

- A report on the financial position of the Trust and its financial commitments
- Details of any significant matters that affect the Trust staff
- Details of any significant matters affecting the Trust's assets
- Any issues concerning the recipients of the charitable activity
- Significant contracts proposed to be entered into by the Trust and
- Whether adequate financial monitoring of the budget and activities of the Trust is being undertaken

Matters that should be considered by the Trustees at least once a year are:

- Consider the Trusts's goals and how they are met;
- Review the management structure to ensure it is operating effectively;
- Review the performance of external providers eg bankers, SLAs;
- Review and approve the Trust's annual accounts and reports of the Trustees;
- Review and approve the financial budget for the following 3 years;
- Review and approve the levels of insurance cover for the Trust assets;
- Findings made by the auditors and the auditor's management letter, and consider which actions should be taken arising from their recommendations; and
- Review the risks to which the Trust is exposed and determine whether systems are in place to mitigate those risks

Individual Directors of the Trust should be aware of the statutory duties of company directors, which are set out in the Companies Act and include the duties to:

- exercise their powers only for a proper purpose;
- promote the company's success;
- exercise independent judgement;
- complete a register of business interests;
- exercise care and skill; and
- avoid conflicts of interest;

The annual Trustees report must comply with the current guidance given in the Accounts Direction document issued by the ESFA each year.

### Accounting Officer

The Chief Executive Officer (CEO) will act as Accounting officer as required by the Funding Agreement. The CEO is personally responsible to the board of directors and through it to Parliament and to the accounting officer of the ESFA for the resources under their control.

The Accounting Officer must ensure there is appropriate oversight of financial transactions and:

- Make sure that bank accounts, financial systems and financial records are operated by more than one person;
- Make sure that all trust property is under the control of the Trustees
- Keep full and accurate accounting records
- Prepare accruals accounts which give a true and fair view of the Trust's incoming resources and application of resources during the year and its state of affairs at the year end.

The Accounting Officer is personally responsible to the Board for:

- Ensuring propriety and regularity;
- Ensuring proper records are kept;
- Ensuring prudent and economical administration;
- Avoidance of waste and extravagance;
- Ensuring value for money is secured through the effective and efficient use of all resources; and
- Day to day organisation, staffing and management.

The Accounting Officer has a duty to take appropriate action if the Board of Directors, or the Chairperson, is contemplating a course of action which they consider would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, Development Plan or other documents setting out the financial duties of the Directors and Local Governing Bodies or any other rules governing the conduct of the Trust) or would not represent prudent or economical administration, or the efficient or effective discharge of the Trust's functions.

The Accounting Officer must sign off the Statement on Regularity, Propriety and Compliance in the Annual Report accompanying the statutory accounts.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities for example to the

## Chief Financial Officer

The Chief Financial Officer, supported by the finance leads in each academy school within the trust, is responsible for:

- The day to day management of financial issues;
- The management of the Trust's financial position;
- Preparation and monitoring of the budgets;
- The maintenance of effective systems of internal controls and
- Preparation of the annual accounts and ensuring the annual accounts are properly presented and adequately supported by the underlying books and records of the trust
- Ensure staff responsible for administration of financial matters are appropriately qualified

## Internal Scrutiny

The Board of Directors must ensure that they monitor and check the operation of the financial management arrangements that have been established and are operated by officers of the Trust.

An Internal Scrutineer, formally known as a Responsible Officer, will be appointed by the Board of Directors and will be responsible for providing the Board of Directors and Local Governing Bodies with on-going independent assurance that:

- The financial responsibilities of the Trust and Local Governing Bodies are being properly discharged
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained and
- Financial considerations are fully taken into account in reaching decisions.

The Internal Scrutiny role will normally be outsourced to an appropriate accountancy firm. The Audit and Risk Committee of the Board of Directors will ensure a programme of internal audit checks are carried out by the Internal Scrutineer. The checks will include the following:

- Review that bank reconciliations have been carried out each month, including a review of the validity of reconciling items;
- Review of the monthly payroll to ensure that any changes have been appropriately authorised;
- Check of a sample of orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised;
- Check of a sample of payments back to invoices, orders and delivery notes to confirm they are bona fide purchases;
- Review a sample of expense claims to ensure there is appropriate documentation to support the claim and that the claim is appropriately authorised;
- Review the returns to the ESFA to ensure the information supplied is consistent with the underlying accounting records and internal management reports;
- Carry out spot checks of petty cash balances and supporting vouchers and
- Review all major contracts and ensure formal tendering procedures exist and are being adhered to.

The Budget Forecast Return are to be completed annually and returned as directed by the ESFA. These documents will be completed by the External Auditor to assist in fulfilling their duties.

## ESCAT Finance Department

The ESCAT finance team consists of a Finance Manager, Deputy Finance Manager, Finance Team Leader and Finance Assistants who have clear roles and responsibilities within the department as detailed in their job descriptions. The structure of the finance team working with the CFO ensures a sufficient segregation of duties for all functions and the accounting systems used require the need for authorisation of key functions. The CFO has an overall responsibility for the finance function of the Trust but delegates the day to day management of the finance department to the Finance Manager.

### **3. Banking Arrangements**

Lloyds Bank are appointed to act as bankers for the Trust. A relationship manager has been assigned to the school and customer support is provided through central offices. A banking facility is available through the Waterlooville branch and the following accounts have been opened:

Edith Stein Catholic Academy Trust – Schools (Current) Account  
Oaklands Catholic School & Sixth Form – Schools (Current) Account  
Corpus Christi Catholic Primary School – Schools (Current) Account  
Oaklands Catholic School & Sixth Form – 32 Day Notice Deposit Account  
Oaklands Catholic School Governors Account – Deposit  
Corpus Christi Catholic Primary School Building Fund – Current Account

The Trust also holds bank accounts with NatWest Bank as follows:

Edith Stein Catholic Academy Trust – Business (Current) Account  
Edith Stein Catholic academy Trust Deposit No 1 - Business Reserve Account  
Oaklands Catholic School Deposit 2 Governors Account – Business Reserve Account  
Edith Stein Catholic Academy Trust – Euro account

The CEO, CFO, Headteacher, Finance Lead, Chair of Governors and Deputy Heads may act as signatories on the accounts and all cheques and payments must be signed by any 2 of the above in line with the guidance from the ESFA.

A BACS facility has been set up to allow the payment of suppliers and salaries.

Procurement cards may be issued to named individuals for their use in the purchasing of goods for the Trust or individual schools. It is their responsibility to ensure the rules of best value are adhered to when purchasing and that all the appropriate paperwork is obtained to satisfy audit requirements. They will be required to sign a declaration to this effect.

Cash or Cheque income must be banked within a reasonable time of receipt by the Finance team and all staff are to be made aware of the need to maintain cash flow.

The CFO and the Finance Leads in each school have online access to the bank accounts via Lloyds Commercial Banking and the NatWest Bankline system as appropriate which are secure procedures using unique logins, passwords and pin numbers.

### **4. Audit Arrangements**

Following a procurement process the Directors will chose to appoint an external auditor and a separate internal scrutineer in accordance with the latest academy handbook direction.



## 5. Funding

The Trust entered into a new Funding Agreement with the DfE in April 2021. The ESFA is responsible for the payment of funds to each academy school from money paid to them by the DfE.

The General Annual Grant (GAG) is the main grant an Academy receives annually to allow it to meet its normal running costs and is paid monthly.

The value of rates paid by the academy are reimbursed by the DfE alongside the GAG funding. Funding for insurance is included within the GAG allocation or is debited from the GAG payments if the Risk Protection Arrangement (RPA) is used. SEN funding is no longer received from the LA and is included as a notional amount in the GAG calculations.

Funding is paid directly into the academy bank account on or around the 1<sup>st</sup> of each month.

## 6. Other Income

Each school receives the pupil premium grant from the ESFA and will ensure that this money is targeted to those groups of pupils for whom it is intended in accordance with the school's Pupil Premium Policy. Expenditure will be recorded in an appropriate manner to ensure confidentiality and equality whilst enabling the school to evaluate the impact of the funding on these target groups. Each school will be responsible for ensuring the records of Pupil Premium students are accurate and appropriate.

The 16-19 Bursary Funding will be administered by the Sixth Form in accordance with the policy guidance issued by the ESFA.

Other funds such as catch up, universal school infant free meals, physical education etc will be administered by the Finance Lead in accordance with the policy guidance issued by the ESFA or other appropriate grant making authority.

Each Local Governing Body may maintain a fund made up of contributions from parents and all parents are requested to Gift Aid these contributions if they are UK Tax payers. This fund is administered by the Finance Lead for each school. Contributions are made by standing order and by cheque and can be made monthly, quarterly or annually. Contributions are recorded via an excel spreadsheet and reconciled to the bank on a monthly basis. An annual claim for tax relief through the Gift Aid scheme is made by the Finance Lead and the accounts for this fund are drawn up by the Finance Team and checked by the Trust's Auditor. Donations are being paid into both the Natwest and Lloyds accounts designated for this purpose.

Other income from pupils is received for a variety of other activities as follows:

- Educational Trips and visits
- Music Tuition
- Catering
- Sale of materials and equipment
- Contributions to departments
- Text book and locker deposits
- Funding raising activities for named charities
- Extended School Club Activities

## **7. Investments**

The CFO, supported by the Finance Leads for each school, is responsible for ensuring that cash balances are used in the best interests of the trust and are invested within the guidelines of the Academy Trust Handbook and the Trust funding agreement. Current account balances that are surplus to requirements will be transferred into an interest bearing deposit account with Lloyds Bank. The Finance Lead will monitor the account balances on a regular basis to ensure only the minimum amount is left in the current account to cover commitments. The Finance lead may seek approval, via the CFO, from the appropriate Local Governing Body to invest sums of money in longer term fixed rate deposit accounts in order to obtain a better return and will ensure that the amount and length of the deposits made reflect the strategic financial plans for the school.

## **8. Reserves**

The aim of the trust is to use the allocated funding each year for the full benefit of our current students. However, it is necessary to consider the carry forward of reserves to:

- Provide sufficient working capital to cover delays between spending and receipt of grants;
- To invest in future years' priorities for the students in our trust;
- To invest in building improvement works which are outside the scope of the revenue budget;
- To ensure a contingency reserve to cover expenditure for unforeseen circumstances.

A statement of annual reserves as detailed above will be included in the Annual Report accompanying the statutory financial accounts.

## **9. Budgets**

The accounting financial year runs from 1<sup>st</sup> September to 31<sup>st</sup> August in line with the academic year. Each school budget is prepared by the Head teacher and Finance Lead in consultation with the CFO and discussed by the appropriate local governing body / local governing body sub committee before approval by the Trust, normally in July each year. Each school budget is to take account of the Trust's overhead costs and any centralised trust services provided to each school as advised by the CFO and agreed by the Board of Directors. A budget forecast return must be made to the ESFA by the end of the academic year which includes provisional figures for the previous financial year end alongside forecast figures for the next financial year.

Each school has a responsibility to achieve best value on all purchases and those staff who administer budgets are made aware of their individual responsibilities through training and information in the relevant staff handbook. Monitoring of overall purchasing procedures is the responsibility of the CFO, supported by each school's Finance Lead.

## **10. Department Budgets**

Heads of Department are responsible for administering the budget allocated to their department, and ensuring they obtain best value on all purchases.

As appropriate a department budget is allocated each year on a per pupil basis for educational supplies and a budget for staff training is kept separately and administered by a nominated member of the Senior Leadership Team. Other funding streams may be available on a bid basis. Provisional individual budgets will be notified to budget holders and they are expected to complete a department budget pro forma detailing how they will be spending their budget over the year.

Individual budget holders are responsible for the expenditure on their budget and expected to keep running totals in conjunction with full details of expenditure. The Finance Team will issue reports around the third week of every month to aid this monitoring. These reports will give balances for current period, year to date and full year to ensure budget holders are clearly aware of their financial position. Individual budget holders must **NOT** exceed their budget limits and the financial system will block expenditure over their delegated amount. Budget holders may if they wish request access to view their reports and place orders via the financial system. If for any reason additional money is required then a specific request must be made in writing to the appropriate Headteacher via their SLT manager as appropriate.

The monitoring and management of budgets will form part of all line management meetings and should be recorded in the minutes.

Budget holders must not assume that they have a 'carry forward' facility unless this has been specifically authorised before the end of July in any financial year.

## 11. Payroll

The payroll provider for the trust is currently an in house provision for both schools within the trust.

The payroll will be recorded through a master data system which allows the monthly administration of payroll to be performed for each school. ie; overtime claims, absence records, changes to personal information, changes to levels of pay and hours of work, new staff details and leavers. This administration will be carried out by the HR Office. All changes to staff payroll details will be requested on the appropriate authorised form kept by the HR Office. The yellow copy of this amendment form is retained in the personnel records for the member of staff and the white copy is retained in the HR records. Changes may only be authorised by the CEO, appropriate Headteacher or CFO as appropriate.

A deadline of around the 15<sup>th</sup> of the month is set to ensure all changes have been made before the payroll is run on or around the 20<sup>th</sup> of each month. Once this has been done the HR Office will check the variance report sent through to each school and report any significant anomalies to the CFO through the appropriate Finance Lead before authorising the BACS file to be created.

Staff will be paid on the last working day of the month directly into their bank account. No payments for services of staff will be paid for via Petty Cash.

Payments to HMRC for tax and NI contributions and to the relevant bodies for LGPS and TP contributions will be made by the appropriate finance lead/team in each school, on behalf of the Trust and authorised in the same way as other payments.

The Trust is responsible for arranging Leaver forms to be sent to LGPS for leavers and for notifying the Teachers Pension team via the MCR return, of the relevant month of leaving, for teachers. New teachers are incorporated into the monthly MCR submissions.

Any additional voluntary contributions that staff may wish to make via payroll will be paid by the school directly to the provider.

A LGPS annual return will be completed and sent to Hampshire Pension Services for support staff in each school by the Trust's Payroll Office.

An End of Year Certificate (EOYC) will be completed and uploaded to the Teachers Pension Website for Teachers of each school by the Trust. This will then be audited and signed off by our company auditor. A further independent audit of the EOYC will be arranged and the signed independent audit certificate will be uploaded directly from the auditors to Teachers Pensions.

Childcare vouchers will be managed by staff independently via the Government website. Any staff employed on or before 4<sup>th</sup> October 2018, who were already in the Computershare Voucher scheme will continue to have vouchers managed through the payroll.

Computershare agreement number for Oaklands Catholic School 0016284239

Computershare agreement number for Corpus Christi 0026732269

The Trust will continue to manage Childcare Vouchers for any schools within the trust only if they are in an existing scheme on or before 4<sup>th</sup> October 2018.

Every month Computershare will update the payroll provider with the details of staff in receipt of childcare vouchers. Each school will be responsible for payment to Computershare on a monthly basis.

Payslips will be issued to staff electronically before the final payroll is run. Staff will be advised when the final run is taking place and will need to notify Payroll of any issues before then, otherwise corrections will be made the following month. Corrections will be made in liaison with the HR Office, CFO and appropriate Finance Lead.

Spreadsheets will be sent to the CFO highlighting changes in the payroll for staff each month. A monthly payroll report will be produced by the Payroll provider and checked against the BACS figure. The CFO or Headteacher, will check this information and sign it off against the BACS report. This report will be filed by the CFO and also by HR in the Payroll folder for the school.

All payroll records will be archived in accordance with the retention of records schedule detailed in this manual.

## **12. Travel Claims**

Claims for mileage are paid through payroll. Staff must complete an ESCAT claim form for mileage and any associated parking charges.

The form is available from the HR Office.

All claims are processed by the HR Office and must reach the HR Office during the first week of the month to ensure reimbursement in the next salary run

- Please be aware that only mileage over and above normal home to school mileage will be reimbursed.
- The current mileage rates may be dependent on salary grades/levels – details can be obtained from the HR Office.
- Parking and any other fees will only be reimbursed if a receipt is produced and is reimbursed as part of the travel claim.
- Please note that any reimbursement for travel from home to School will be subject to tax and national insurance.
- Rail tickets should be purchased through the school rail business account. Details available from Finance.
- Please ensure that in assessing the method of travel the choice is based on best value.

## **13. Financial Systems**

The security of the systems within each school is the responsibility of the local administrator, who will set up and maintain the users and their roles. The local administrator is the HR Officer.

The HR/Payroll Officer and HR/Payroll Assistant are both authorised users of Pegasus Opera 3 and have been issued with a user ID and a password. The password must remain confidential to the user. The local administrator is the HR Officer.

For the purposes of budgeting the Trust is moving from Access to the financial planning software provided by IRIS Financial Planning. The CFO and appropriate Finance Leads are the authorised users of this software. IRIS Financial Planning enables schools to produce a five-year financial projection based on current knowledge of future income and expenditure and identified financial implications from the school improvement plan. IRIS Financial Planning is flexible and easy to update when new information on future income and expenditure is received, or when performing sensitivity analysis (looking at various scenarios).

The software calculates salary costs for each member of staff including national insurance, superannuation, increments, pay awards etc. Details of current staff can be accessed on the appropriate payroll data system. These details are used by each school to check the information held within their version of the software. Software upgrades will be made available from Access Education automatically upon login.

The Trust uses the ScoPay software package for recording income against student records for all income.

The use of the PS Financials accounting package ensures the following control features are in place:

- Appropriate levels of access are set dependent on the job role within the finance function;
- All records are appropriately protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention;
- Only authorised staff are permitted to access the accounting records which are securely retained when not in use
- All financial transactions are traceable from the original document to the accounting records and vice versa.

Authority for the administration of the accounting package lies with the CFO and the ESCAT Finance Manager will be responsible for the day to day management of the financial functions of the system.

Training on new financial systems will be given via induction and twilight sessions.

User guides are available from the PS Financials website and PS Financials also provide telephone and email support for which there is an annual charge.

**All systems are password protected and passwords should be changed every 90 days on those systems that do not automatically enforce a change. No one is permitted to share passwords. Full details can be found in each school's IT Security policy.**

## 14. Income Collection

In order to reduce the risks of students carrying money around during the day and to ensure staff are not put in a vulnerable position the following guidelines are in place. Students should pay all income directly into the appropriate Finance office or place it in the appropriate posting box. This includes income for trips, music tuition, 6<sup>th</sup> form bus passes, tickets, and exam fees. All money must be placed in an envelope and clearly marked with the students name, tutor group/class as appropriate, amount and activity to which it relates.

Each finance office is open to students to receive income and sell items from the student shop, as appropriate, at times clearly displayed outside the Finance Office.

Income from charity collections and non-uniform days is collected via tutor groups/classes using a clearly marked and completed class list which is handed in with the cash and a completed paying in slip to the Finance Office for counting by the end of the school day on which the activity takes place.

Receipts will be issued by the finance office directly to students/parents for all cash received.

Money, whether cash or cheques, must never be left in desk drawers overnight and should be taken to the finance office to be locked in the school safe at the end of the day

As appropriate music tuition should be administered by the Finance Team in liaison with the Head of Performing Arts/Music, who together are responsible for ensuring the grouping is organised in the most cost effective way. It is recorded via ScoPay and banked promptly. Outstanding debts are chased by the Finance Team.

As appropriate a retail cashless catering system may be installed to manage and record all income into the catering department. A small amount of cash may still be collected in the department and will be counted in the kitchen office and reconciled to the daily till receipts. A breakdown of the cash is signed by the Catering Manager before it is brought to the finance office for checking and banking. Monthly profit and loss accounts are produced by the Catering Manager and given to the Finance Lead for recording and analysis.

## **15. Purchasing/Tendering**

In purchasing and contracting for goods and services the Board of Directors supported by Local Governing Bodies must demonstrate the proper and effective use of public funds.

The main requirements are:-

- Probity – to demonstrate that all parties are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings with the Trust or Local Governing Bodies;
- Accountability – the Trust and Local Governing Bodies are publicly accountable to its expenditure and for the conduct of its affairs; and
- Value for money – to demonstrate economy, efficiency and effectiveness in the use of public funds. This includes the requirement to consult with all school's within the Trust via the CFO when any individual school is looking to review the provision of the supply of goods and services to their school.

The Trust undertakes a review of Value for Money which forms part of the Governance Statement in the annual Trustees' report which is signed by the Chair of the Board of Directors and Accounting Officer (CEO) and reviewed on an annual basis by the Directors.

The choice of supplier is based on recommendations, suitability, experience and vetting of the company.

For larger purchases, the Trust has detailed tendering procedures which take into account the nature of the goods or services being purchased and the potential supplier's market place. These are contained in the Finance Policy which is reviewed on an annual basis. The Trust is mindful of legislation regarding contracts over the current limit set for goods and services and for works.

## 16. Ordering Procedures

All requisitions must be made on a properly completed order form available from the appropriate Finance Office and/or Staff Room. The budget holder should complete and sign the order form before passing both copies (original and duplicate) to the Finance Office for processing. After input the duplicate copy will be returned to budget holder giving details of the unique, system generated purchase order number for their records.

**NO PURCHASES** should be made prior to an order having been placed. It is essential for the Finance Office to be able to monitor cash flow and invoices which arrive without a prior order will adversely affect this monitoring process and the Finance Office require information about which budget/cost centre to assign the cost to.

**NO ORDERS** should be placed without the prior written, email is acceptable, authorisation from the budget holder

Goods delivered to each school will be given to the relevant department for the delivery note to be checked against the purchase order.

Invoices will be sent out to departments by the appropriate Finance Office as they are received for payment approval. The Trust operates a policy of payment within 30 days so it is important that these invoices are checked for accuracy and approved by the budget holder and returned to the Finance Office as quickly as possible. If any problems arise with goods that need to be returned, the Finance Office must be notified immediately.

All orders to be delivered before the end of the financial year **MUST** be placed before the last day in June to ensure the year end accounts are accurate for the end of August. Any goods or services required for the start of Sept **MUST** be ordered before the last day of June.

Each school may have a commercial credit card which can be used to make purchases online, by phone and in-store. For all orders from a supplier who accepts payment in this way an order form must be completed in the normal way and passed to the appropriate Finance Office. Purchases can only be made with the permission of the commercial credit card holder and staff must always bear the principles of best value for money in mind.

## 17. Payment of suppliers

The desired method of payment of suppliers is BACS although a very small number of suppliers remain on cheque payment.

Payment will only be made against an invoice or pro-forma invoice. If a supplier submits a statement showing unpaid accounts which cannot be traced they will be asked to provide copies of the outstanding invoices. Statements will not be paid, particularly if the charge includes VAT as statement of account does not conform with HM Revenue and Customs (HMRC) VAT requirements.

Under no circumstances should VAT invoices be altered. If an invoice is incorrect it will be returned to the supplier for cancellation and subsequent replacement. VAT will be paid on all invoices where it is charged.

The Trust is committed to paying its suppliers promptly and our policy is for payments to be made within 30 days of receiving an accurate invoice unless other contractual conditions apply or discount for prompt payment is applicable in which case payment will be made earlier.

Before invoices are paid certain checks will be carried out by the budget holder and the appropriate Finance Office before payment is authorised:

- a) Check the goods/services, being invoiced, have not previously been paid for.
- b) Ensure the goods supplied or works completed have been received. Interim payments for work can be made if authorised by the CFO or appropriate Headteacher.
- c) Where goods or services have been ordered on a requisition ensure the invoices agree with the order. Check name of company on invoice to vendor record to ensure they are the same. If they differ, check with company the reasons for this prior to making payment.
- d) Confirm the goods have been received in a satisfactory condition or the work properly completed before payment is made. A signed delivery note, or worksheet will provide this information.
- e) Check the price is correct and the arithmetical calculations have been properly made.
- f) Ensure all discounts and credits have been allowed.
- g) If VAT has been charged, ensure the invoice is a proper VAT invoice. It is acceptable to receive an invoice as an attachment to an email provided it is printed and then treated in the same way as a paper invoice. A VAT invoice must show:
  - an identifying number
  - the name, address and VAT registration number of the supplier
  - the date of supply
  - the customer's name and address
  - a description which identifies the goods or services supplied and for each description:
    - the quantity of goods or extent of the services
    - the charge made, excluding VAT
    - the unit price
    - the total charge made, excluding VAT
    - the rate of any cash discount
    - the total VAT payable.

Note: If the invoice includes zero-rated or exempt supplies, these must be shown separately.

For invoices under £250, less details are required:

- the name, address and VAT registration number of the supplier
- the date of supply
- a description which identifies the goods or services supplied
- the charge made, including VAT
- the unit price.

Note: Exempt supplies must not be included on a less detailed invoice. Any invoice that details mixed rate items must meet all the requirements of a full (not less detailed) VAT invoice.

- h) Where discount is given for prompt payment the invoice will be processed quickly to take advantage of any discounts. VAT is calculated on the discounted value, whether or not the discount is taken.



## 18. BACS/Cheque payments

Payment runs will be completed twice monthly by the Finance Lead. The paper copy of the BACS run along with all relevant invoices will be given to the authorised bank signatories who will check and authorise the payment. A separate authorised bank signatory will countersign/authorise the payment run and return all paperwork to the appropriate finance office for filing.

Cheque runs are also be done twice monthly and all cheques will be signed as per the bank mandate and paperwork filed by the appropriate finance office.

Each Finance Office must not hold huge sums of cash for obvious security reasons. Wherever possible all reimbursements will be made via online banking in order to reduce bank charges, if this is not possible 3 days notice is required for cheques to be prepared and for petty cash reimbursements. A cheque request form, available from the Finance Office, should be completed and handed in to the Finance Office. 10 days notice is required for sterling cash and foreign currency for trips. It is up to the trip organiser to ensure sufficient notice is given to the Finance Office.

## 19. Petty Cash/Expenses

The default position is that whenever possible a School Debit or Credit card should be used for business expenses of the School i.e. Staff should use the school credit card where possible and not their personal credit card or cash. In those circumstances where this is not possible any personal reimbursements will be made once a month as part of the programmed payment cycle. Following this process will reduce the reliance on staff using their own money and then having to be reimbursed. It will also help to reduce the number of expense forms being processed throughout each month.

Staff should always ensure best value for money is achieved. Where reimbursement claims are required these must be made on a petty cash voucher available from the Finance Office accompanied by a receipt (VAT receipt if applicable) – no receipt = no reimbursement. VAT receipts must include the following information:

- a) The name and VAT registration number of the supplier.
- b) The nature of the goods and services supplied.
- c) The price paid.
- d) The date of supply.

Invoices to be reimbursed should be made out to the school name and address not to a member of staff. If a member of staff uses their own credit card, the credit card voucher slip is not sufficient as a VAT receipt. Ask for a VAT invoice. VAT registered suppliers are legally obliged to provide customers with proper tax invoices/receipts.

Loyalty cards such as Nectar and Tesco Clubcard must **NEVER** be used for purchase of items for a Trust academy school as this is classed as a benefit in kind and reimbursement will be refused. It is best practice for staff to obtain a separate receipt for school purchases to avoid confusion between items for personal use.

On no account must purchases be made via the Trust or school for personal use.

Payments for the services of staff must NOT be processed via the petty cash account. All staff payments MUST be processed via the payroll department or via an official invoice through the system. This is due to issues with employer's liability insurance and includes anyone delivering workshops, entertainers, sports coaches and authors. If in doubt please check with the CFO or appropriate Finance Lead before agreeing to engage someone's time.

## 20. Photocopying/minibuses/journals

Each school in the Trust may operate slightly different charging arrangements for departmental photocopying and printing charges. In principle all budget holders should be given an allowance for photocopying costs as part of their annual expenditure. Each department may be given their own pin code and photocopier readings should be taken monthly. The charges for copying, laminating and binding etc. are passed on to the relevant department via journal transfer. Departments may also purchase paper and card through reprographics. Any special requests for anything not currently in stock should be made through the reprographics department.

### Minibuses

Where operated, school minibuses may be used by departments or for external organisations use with the approval of the Headteacher or delegated deputy. The administration of minibuses is the responsibility of the nominated Minibus Manager who will ensure a booking form is completed for all external users detailing the hirers details and to whom the invoice for charges should be sent to. A copy of the booking form is to be passed to the Finance Office on completion of each confirmed booking. For internal department use bookings are to be made via the Minibus manager and departments/trips will be charged based on the mileage recorded in the log sheets, a copy of which will be retained by the Finance Office for their records.

## 21. VAT

The Trust is currently not required to register for VAT but can reclaim input tax directly from HMRC through the VAT scheme. The ESCAT Finance Manager will prepare the VAT claims on a monthly basis ready for signature by the CFO.

## 22. Trips

All trips and visits must be costed to ensure financial viability. Authorisation is obtained from the appropriate Headteacher or Finance Lead via the use of a Trips Costing Excel spreadsheet which staff can access on the network. Once authorised the costing form will be returned to the trip organiser and a copy sent electronically to the Finance Manager and Business Support/Administration Manager. The Business Support/Administration manager will ensure that the correct letters are sent to parents informing them of the trip and the cost implications. It is the responsibility of the finance office to input the students on to the ScoPay system to receive and record payments. The finance office will print out the costing form to include with all receipts, reports and other paperwork relevant to the trip for final reconciliation when complete. An admin fee is charged of 0.50p per student for day trips and £2.50 per student for residential trips and staff must ensure that the total cost of the trip is covered by contributions from parents or from department funds. A transfer from the trip account to the admin department will form part of the final reconciliation along with any adjustments for minibus hire and the cost of cover that is required. Whilst Trips may be costed with a small contingency margin they should not make surpluses. Any surplus of more than £5 will be refunded to the student or Parents may be given the option to put any surplus towards a future trip. Money will be collected and recorded on ScoPay in the same way as other income and reports will be available at regular intervals for trip leaders. For residential trips where there are a number payments made over a longer period of time it is the responsibility of the trip organiser to remind students of outstanding payments and to ensure all payments are received at least 10 days before the date of the trip. Students who have not paid will not be able to take part in the activity.

Once complete the trip organiser must take all relevant documents/receipts etc to the finance office so that the final reconciliation can be completed within one month of the trip date.

Any students requiring financial assistance can apply to their school and eligibility will be dealt with as detailed in the appropriate Pupil Premium policy.

## **23. Lettings**

Charges and terms and conditions for hire are detailed in the Terms and Conditions of Hire Policy and reviewed on a periodic basis by the appropriate LGB or sub-committee. They are set at a level to ensure the costs incurred by each school for staffing, light, heat etc are covered by the charge made whilst remaining competitive in the local area. All hirers are required to complete a hire form and will receive a copy of the terms and conditions of the hire along with insurance details. Hirer's insurance is provided through each schools insurance cover which should be checked before agreeing to the let. Initial enquiries and bookings will be administered by the Letting Administrator who will check with the appropriate line manager as to the suitability of the activity and availability of staff. Invoices will be raised by the finance office 5 days before the date of hire for occasional users and monthly for regular hirers. For occasional users a deposit of 50% of the hire charge will be required to secure the booking.

## **24. Cash Flow**

The Finance Lead in each school has responsibility for and is authorised to move funds to and from the current and deposit accounts in order to maintain consistent cash flow whilst enabling the Trust and each school to achieve best value for money. Notification of salary payments will come to the CFO from the payroll provider and an electronic copy of this information is passed to the Finance Office. An up to date list of direct debits will be held by the Finance Office.

## **25. Bank reconciliations**

Bank statements are downloaded from the school's authorised bank(s) online banking service and can be imported into the financial system to allow more efficient reconciliation of accounts. It is the responsibility of the Finance Lead to reconcile the bank statements on a monthly basis and highlight any issues to the CFO.

## **26. Monthly Monitoring/Reporting**

The Finance Lead will ensure that all income and expenditure reported on a monthly basis reflects a true record of the school's financial position through a process of accruals and prepayments.

All budget holders will receive a monthly report detailing their net income and expenditure to date against their budget around the third week of the month. This report will include the monthly journal transfers for photocopying costs and IT consumables as relevant. Additional reports, if required, may be requested from the Finance Team.

All budget holders are expected to read and comply with the procedures of this finance manual, to understand their responsibilities in the use of public money and to ensure that their department spend provides an efficient and effective use of resources at all times.

## Monitoring

Whole school accounts are subject to a monthly monitoring process by the Finance Lead, CFO, Headteacher, CEO and as requested by the Internal Scrutineer. Monthly management reports will be produced and significant variations identified discussed with the Headteacher and appropriately actioned. Financial reports are submitted to the Senior Leadership Team, Governors and Chair of the Board of Directors on a monthly basis. Whenever the Local Governing Body (LGB) or appropriate sub-committee meets the latest finance reports will be discussed and reported to the Board of Directors on a monthly basis.

## **27. Yr End Reporting**

### **Annual accounting/reporting**

The ESFA issue a document entitled Academies Accounts Direction which provides direction to Academy Trusts and their external auditors on the preparation of Academy Trusts' annual reports and financial statements. The Direction supplements the Charity Commission's Statement of Recommended Practice (the SORP) – Accounting and Reporting by Charities 2005 (updated 2008).

Academy Trust accounts will be produced for a twelve month accounting period ending on 31 August;

The Finance lead will provide the appropriate LGB/Sub Committee with provisional year-end figures in the first meeting of the academic year. The provisional consolidated accounts will be reported to the Board of Directors as soon as possible after those meetings.

Currently the ESFA require a Budget Forecast return to be made by 31<sup>st</sup> August and an Annual Accounts return to be made by the January following the end of the financial year. The CFO, in liaison with the External Auditor, is responsible for ensuring these returns are submitted accurately and on time.

### **Submission and publication requirements**

By 31 December, at the very latest, the following should be submitted to the ESFA:

- Copies of the audited accounts, comprising the annual report and the financial statements, containing signatures of the Chair of the Board of Directors, CEO and auditor;
- A copy of the independent auditor's management letter; and a signed electronic copy of the AAR by email. This document is signed only by the directors and is not part of the audited information.

Following approval of the Annual Report and financial accounts by the Directors at the AGM in December the information will be published on the school website.

## **28. Filing of Accounts**

In addition to submitting accounts to the ESFA, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period. For the majority of Academy Trusts this will be no later than 31 May in the following year.

As exempt charities, Academy Trusts are no longer required to submit their annual reports and financial statements to the Charity Commission for publication. However, whilst they can be obtained from Companies House, to maintain transparency and openness Academy Trusts are strongly advised to publish such documents on their own websites as an alternative method of making them publicly available.

## 29. Yr End Procedures

All income must be handed in to the appropriate Finance Office prior to the beginning of the summer holidays for banking. All budget holders have a responsibility to ensure that outstanding invoices are approved and returned to the finance office for payment prior to the close down of the year end accounts during the second week in September.

The Finance Lead will ensure that all income and expenditure is recorded against the year to which it relates. Accruals and prepayments will be made to the accounts for material items – the current level agreed by the Trust is £1,200.

The CFO and ESCAT Finance Manager will work with the accountants to produce a set of financial accounts in accordance with the latest Academy Trust Handbook and the Accounts Direction documents.

The Trustees are responsible for producing an Annual Report to accompany the financial information in time for the AGM in December. The content of this report must follow the guidance laid down by the ESFA and comply with company and charity law.

The CFO and the ESCAT Finance Manager will liaise with the accountants with regard to information required for the annual audit and be available to answer any queries during the visit. The CFO will provide a report to the Trust's Audit and Risk Committee at the first meeting following the audit visit.

## 30. Retention of records

In accordance with the Companies Act 2006, all documents relating to financial transactions will be stored for 7 years

Invoices need to be kept for the current financial year plus six further years to allow for inspection. All years follow the accounting year ie. start on 1 April.

Disposal of invoices can therefore take place in accordance with the following schedule:

<b>Financial year of invoice</b>	<b>Earliest date for disposal</b>
2018/19	1 April 2024
2019/20	1 April 2025
2020/21	1 April 2026 and so on
Annual accounts	current year + 6 years
Loans and grants	date of last payment on loan + 12 years
Annual budget/background papers	current year + 6 years
Budget reports, monitoring etc	current year + 3 years
Contracts – under seal	contract completion date + 12 years
Contracts – under signature	contract completion date + 6 years
Contracts – monitoring records	current year + 2 years
Orders	current year + 2 years (or current year + 6 years if included with delivery notes, invoices, receipts etc.)
Delivery notes/documentation	current year + 6 years
Invoices and receipts	current year + 6 years
Debtors' records	current year + 6 years
Petty cash books/records	current year + 6 years
Receipt books	3 years from end of financial year in which last entry was made

Purchasing card transaction logs/ receipts/invoices	current year + 3 years
Cancelled cheques	2 years from end of financial year in which final cheque issued
Cheque book stubs	2 years from end of financial year in which final cheque issued
Cash register rolls	current year + 3 years
Bank paying in book	2 years from end of financial year in which final receipt issued
Bank statements	current year + 6 years
Reconciliation records	current year + 6 years
Application for free school meals,	whilst child at school or current travel, uniforms etc. year + 6 years whichever is the longest.
Free school meals records	current year + 6 years
Dinner register	current year + 3 years
School meal summary sheets	current year + 3 years
Hire of facilities forms (lettings)	current year + 3 years
Diary of hires (lettings)	current year + 3 years
Attendance records	current year + 6 years
Minibus travel record	current year + 3 years
Inventory records	three years after last disposal
Register of pecuniary interests	indefinitely
Records relating to pension	seven years from date of leaving employment
Details of employees Payroll records	current year + 6 years

### 31. Freedom of Information

The Freedom of Information policy is agreed by the Trust and reviewed every 3 years.

### 32. Stock Records

Stock records will be maintained for the school shop by the Finance Lead. An annual stock take will be carried out by the Finance Team and opening and closing stock figures for inclusion in the annual accounts. The Catering Manager will be responsible for recording opening and closing catering stock levels on a monthly basis and will carry out an annual stock take as close to 31<sup>st</sup> August as possible.

### 33. Fixed Asset Register

The level of capitalisation of assets as approved by the Trust is £1,200 for IT Equipment and all Furniture and £2,500 for all other types of equipment, including vehicles if purchased out right by a school. Where additional equipment costs for projects such as replacement theatre lighting for the hall or annual laptop replacements are incurred it is the full value of the cost of replacement equipment that will be capitalised. The depreciation method will be straight line over 3 to 5 years depending on the expected normal 'life expectancy' usage of the asset.

All assets are recorded in a school central asset register which is updated by the Finance Lead via Excel. The Head of IT and Technical Resources is responsible for maintaining the IT section of the register which includes all computer equipment in Trust schools and they will ensure the Finance Lead is informed immediately of any changes.

Other items included in the register will be those which have a value over the capitalisation level, or which are deemed to be portable and attractive ie: digital cameras, laptops, Apple Macbooks within Art and Media departments.

IT equipment and fixtures and fittings which are capitalized will be depreciated on a straight-line basis over 3 years. The Finance Lead will ensure that monthly depreciation is calculated by the finance system and reflected in the monthly management accounts.

The net book value of assets in the following categories will be recorded in the balance sheet:-

- Furniture and equipment
- Computer equipment and software
- Vehicles

All items included in the register will be appropriately security marked.

The register will record the following information:-

Description of item  
Date of purchase  
Purchase price  
Grant used to fund purchase  
Location  
Expected useful life  
Type of depreciation  
Date of disposal  
Disposal method  
Residual value on disposal  
Authorising signatures for disposal

A physical count of items against the register will be undertaken annually by the IT Support Team (for IT Equipment) and the FM Admin Supervisor (for Furniture and Equipment) and any discrepancies will be reported to the appropriate Governing Body via the Finance Lead.

The procedure for the disposal of any asset will be carried out to ensure best value is obtained. The consent of the Board of Directors must be sought for the disposal of any asset with a residual value of over £25,000. The consent of the appropriate Local Governing Body will be sought for the disposal of any asset with a residual value of between £5,000 and £25,000. Disposals below £5,000 must be authorised jointly by the appropriate Finance Lead and Headteacher.

If within one financial year the school disposes of items which collectively originally attracted a grant of more than £20,000 the DfE must be informed.

Proceeds of disposals are expected to be reinvested for the benefit of the students' education.

## **34. Risk Management**

The annual Trustees' Report must include a statement confirming that the major risks to which the Trust is exposed have been reviewed and systems have been established to mitigate those risks.

The Directors will consider:-

- What the major risks are
- What the likelihood of those risks crystallising
- The potential impact of those risks
- Systems in place to mitigate those risks
- arrangements to address risks not currently covered

The findings of the Directors are recorded in a risk register which will be reviewed annually.

## 35. Bribery Act 2010

The Bribery Act 2010 came into effect on 1<sup>st</sup> July 2011. All staff working for the Trust must ensure they do not contravene the principles of this Act as detailed within the Trust's Finance Policy.

## 36. Further information

ESFA – [Academy Trust Handbook](#)

ESFA – [Academies Accounts Direction](#)

## 37. Glossary

Trust	The Edith Stiein Catholic Academy Trust
AAR	Annual Accounts Return
AGM	Annual General Meeting
BACS	Banks Automated Clearing Services
DfE	Department for Education
ESFA	Education Skills and Funding Agency (previously EFA)
GAG	General Annual Grant
HCCPS	Hampshire County Council Payroll Services
HMRC	His Majesty's Revenue and Customs
LGB	Local Governing Body
LGPS	Local Government Pension Scheme
SEN	Special Educational Needs
SLA	Service Level Agreement
SORP	Statement of Recommended Practice
TP	Teachers Pensions
WGA	Whole of Government Accounts