



**Transforming
Futures**
TRUST

**Transforming Futures Trust
Financial Regulations and Controls Manual
Updated February 2021
Second Draft**

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Adoption of the Policy

This Policy has been adopted and reviewed by the Trustees of Transforming Futures Trust

Signed 
(Chair of Trust)

Date: 01.03.21



Contents

1. Roles, responsibilities, and financial oversight.....	1
Framework.....	1
Organisation.....	1
Roles and responsibilities.....	1
Financial oversight.....	3
2. Financial planning and monitoring.....	3
Strategic plan projections.....	2
Budget.....	2
Budget monitoring.....	3
3. Risk management and Internal control.....	5
Risk management.....	5
Internal control.....	5
Nominal ledger/accounting system.....	6
4. Income and debtors.....	7
5. Purchases, payments and creditors.....	9
Payroll.....	14
6. Assets.....	15
Stocks.....	16
Bank and cash.....	16
7. Proper and regular use of public funds.....	17
Handbook requirements.....	17
Register of business interests.....	18
Payments to Trustees, employees or other related parties.....	18
Abnormal transactions and delegated authorities.....	19
Other matters.....	19
8. Annual accounts.....	21
9. Summary of Financial Authorisation Levels.....	22

1. Roles, responsibilities, and financial oversight

Framework

Under the Funding Agreement (FA) with the DfE, Transforming Futures Multi Academy Trust (TFT) must comply with the principles of financial control set out in the Academies' Financial Handbook ('Handbook' or AFH), as issued by the Education & Skills Funding Agency (ESFA).

Organisation

Transforming Futures Multi Academy Trust is a company limited by guarantee with charitable status. All schools within the Trust are governed by the Board of Trustees (Directors) which retains full responsibility for the Trust's affairs and use of resources.

Roles and responsibilities

The Board of Trustees and its Committees

Subject to provisions of the Companies Act 2006, the Articles and any directions given by special resolution, the business of TFT is managed by the Directors (Board of Trustees) who exercise all the powers of the Company.

The Board of Trustees. Main responsibilities include:

- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the FA, the Articles of Association and the AFH.
- Approval of annual revenue and capital budgets.
- Approval of the annual report and accounts.
- Appointment of Auditors, Chief Executive Officer (as Accounting Officer) and appointment of the Chief Financial Officer. In addition to this, the appointment of members of the Executive Leadership Team, in conjunction with the Chief Executive Officer.

The Finance & Audit Committee. Main responsibilities include:

- Initial review and approval of the annual revenue and capital budgets.
 - Monitoring of actual income and expenditure against budget.
 - Ensuring annual accounts are produced and approved by the Trustees before adoption at the Annual General Meeting.
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- Reviewing the reports of the Chief Finance Officer (CFO) and internal and external auditors on the effectiveness of the financial procedures.
- Authorising the award of contracts over agreed values which are set out in the organisation's Scheme of Delegation.
- Authorising changes to the TFT's personnel establishment in excess of the budget headcount.
- Ensuring that any significant changes to the annual budget and business plan are fully supported by a business case and approved by the Finance & Audit Committee.

Pay and Remuneration Committee. Main responsibilities include:

- Determining and agreeing with the Board of Trustees the framework for the remuneration of the Trust's CEO and members of the Executive Management Team.
- To ensure the remuneration or other sums paid to a Senior Executive do not exceed an amount that is reasonable in all the circumstances are fair to the individual and the Trust and comply with the obligations set out in the Academies Financial Handbook.
- To ensure that any termination packages, including contractual terms and pension benefit entitlements, do not reward failure.
- To review and note annually the remuneration trends across the Trust.
- To oversee any major changes in employee benefits structures in the Trust.

The CEO (Accounting Officer)

The CEO is the Accounting Officer (AO), who takes overall responsibility for financial control. The Trust's Director of Finance is the nominated Chief Finance Officer (CFO).

Much of the financial responsibility of the CEO as AO has been delegated to the CFO, but the CEO retains responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior posts which the Trustees have determined must be approved by them.
- Authorising contracts in accordance with agreed values which are set out in the organisation's Scheme of Delegation in conjunction with the CFO.
- Authorising payments in conjunction with the CFO or other authorised signatory, in accordance with the organisation's Scheme of Delegation.

The Chief Finance Officer

The CFO main responsibilities are:

- The management of the TFT's financial position at a strategic level, reflecting the longer-term financial needs of the Trust as determined by the Trustees.
- The preparation of annual accounts, with the assistance of TFT's external auditor.
- Ensuring forms and returns are sent to the DfE in line with the DfE timetable.

Other staff

Other members of staff including members of the Senior Leadership Teams, the finance department and budget holders will have some specific financial responsibilities and these are detailed in the following sections of this document. All staff are responsible for the security of TFT's property, for avoiding loss or damage, for ensuring economy and efficiency and for conformity with the financial procedures.

Financial oversight

The following requirements of the AFH must be in place:

- Bank accounts, financial systems and financial records must be operated by more than one person (Section 3).
 - Measures must be in place to safeguard assets, to prevent loss or misuse (Section 3).
 - Full and accurate accounting records must be maintained (Section 3).
 - Annual accounts must be prepared (Section 5).
 - There must be a written scheme of delegation of financial powers so that it is clear who is responsible for what (Section 6).
 - The Board of Trustees must be satisfied that the Trust's finance staff are suitably qualified and/or experienced.
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2. Financial planning and monitoring

TFT prepares financial plans as follows:

- 3 year rolling Strategic Plan. Financial plans prepared as part of the TFT's strategic planning process. This includes high level projections linking anticipated income levels to resource planning. This indicates how TFT's educational and other objects are going to be achieved within the expected level of resources over the planning period.
 - The strategic plan provides the framework for the annual revenue and capital budgets. These are detailed budgets identifying revenues by source and expenditure by cost type and budget holder.
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Strategic plan projections

The strategic plan projections must be updated annually when the budget for the coming year is prepared, with Year 1 being the annual budget for the next year. The strategic plan projections will run alongside TFT's narrative plan, must reflect the allocation of resources to achieve the Trusts longer term plans and must include:

- Income and expenditure projections
- Pupil led income based on anticipated future pupil numbers
- Other income based on documented assumptions
- Proposed use of accumulated surpluses (GAG plus unrestricted funds)
- Documented assumptions supporting expenditure
- Capital expenditure projections, based on planned capital schemes and anticipated funding sources, including accumulated surpluses and unspent capital funds
- Balance sheet projections, showing the build-up and use of accumulated surpluses, and the retention of reserves for contingencies, as appropriate.

Budget

The CFO is responsible for preparing the annual budget, which must be approved by the CEO, Finance & Audit Committee and Trustees and submitted to the ESFA by the July deadline.

Any significant changes to the budget post submission to the ESFA must be approved by the Finance & Audit Committee and Trustees and notified to ESFA.

The finalised budget must be communicated to all members of staff with budgetary control responsibilities.

The budget must be balanced, taking into account the TFT's reserves policy; the use of accumulated surpluses to subsidise current year operations; or the planned retention of current year surpluses.

The budgeting process will include:

- Forecasts of likely pupil numbers and the latest estimate of GAG receivable
- Latest estimates of other ESFA/LA funding, based on expected levels (e.g. Pupil Premium, SEN)
- Estimates for other income, based on prior years and known variations
- Use of accumulated surpluses (GAG plus unrestricted funds)
- Review of past expenditure performance against budgets; identification of efficiency savings and consideration of known changes (pay increases, inflation)

- The pay budget to be supported by a list of known and planned staff, fully costed.
- A statement of the principal assumptions, highlighting areas of vulnerability and outlining possible remedial actions should a shortfall arise if these assumptions do not hold.

The budget cycle is as follows:

- Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
 - Monitoring and reviewing of year's budget
 - Revised Budget Forecast where appropriate
 - Pre-planning new financial year
- Summer term (Apr – July)
 - Planning for forthcoming year
 - Preparation and submission of financial budget plan
 - Review of current year's budget
- All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget monitoring

Monthly reports must be prepared detailing actual income and expenditure against budget, for review by the CEO, CFO, Headteachers, Chair of Trustees and the Chair of Finance & Audit (monthly) and the Finance & Audit Committee (at each meeting).

Budget holders must not initiate transactions on an overspent budget or which would result in a material budget overspend, without prior approval of the relevant Headteacher or the CFO and, if the CFO is responsible for the budget heading, the CEO.

If a potential or actual material overspend against budget (or underachievement of income) is identified (either by the budget holder or CFO), the reason for the overspend must be established and reported to the CEO and the Finance & Audit Committee, together with a recommendation for action.

If the recommendation for action is the virement of funds from one budget to another, such virements must be authorised in accordance with the Scheme of Delegation or approved and reflected in a Revised Forecast.

Cash management

The Finance Department must prepare monthly cash flow forecasts for the CFO to help ensure that the bank account is not overdrawn and the Trust abides by its contractual obligations (pays on time). The forecast must be updated monthly to reflect the actual revised opening cash balance. It comprise a month by month rolling forecast of income and expenditure and must reflect:

- Known opening balance.
- Known receipts from ESFA, LA and other grants.
- Estimates of pay cost including NIC and pension contributions.
- Estimates of routine non pay expenditure.
- Known/expected non routine expenditure.
- Receipts and payments re capital schemes.
- VAT.
- Forecast closing balances for the following twelve month ends.

In the event that these forecasts identify any potential cash shortfalls, the CFO must notify the CEO and report to the Finance & Audit Committee.

Capital schemes

Capital schemes expose TFT to substantial risks. In many cases, the expertise required to oversee such schemes will not be available from within the Trusts staff. Whenever a scheme is initiated, the Finance & Audit Committee must decide whether to engage external specialists to manage the project on behalf of TFT.

If external project managers are not appointed, the CFO, in consultation with the CEO, must establish project management procedures, in writing, for approval by the Finance & Audit Committee. These procedures must cover the following:

- Plans and planning consents.
- VAT recovery.
- Contractor selection and contract structure.
- Project timetable with milestones.
- Monitoring construction progress/quality assessment.
- Payment profile and cash flow management (including VAT).
- Final sign off.

3. Risk management and Internal control

Risk management

The AFH requires that the Trust has risk management arrangements in place.

A contingency and business continuity plan is required, which is the responsibility of the COO and which must be approved, following review by the Finance & Audit Committee.

Adequate insurance cover must be in place. This is the responsibility of the CFO, in consultation with the CEO and approved by the Finance & Audit Committee.

The Finance & Audit Committee must agree the main financial risks that the Trust faces and assess the likelihood of occurrence and materiality of each risk. A risk register must be maintained and a copy of the latest risk register is included in the agenda at Finance & Audit Committee meetings, as per the agreed annual schedule.

Internal control

Segregation of duties

It is the responsibility of the CFO to ensure adequate segregation of duties. Annually the CFO must present a brief report to the Finance & Audit Committee demonstrating how segregation of duties is assured.

Ensuring delegated financial authorities are respected

The Scheme of Delegation must be regularly reviewed at Finance & Audit Committee meetings and amended as required.

Fraud and theft

The establishment of effective segregation of duties combined with the detailed controls set out in this section are designed to minimise the risk of fraud and theft. In the event that fraud or theft of any level is identified, the CEO must report this to the Trustees and, if the amount involved exceeds the sum notified by the ESFA annually in the AFH, the ESFA must be notified.

Nominal ledger/accounting system

System security

Access to the PS Financials is password restricted to individuals with financial responsibilities only, and to areas pertaining to that responsibility. Passwords must not be shared in any circumstances and must be changed regularly.

The CFO is responsible for ensuring that there are effective back up procedures for the systems. Back-up copies are taken on at least a daily basis and maintained securely with full adherence to data protection law.

Transaction reports

The central services finance team review the following reports to ensure that only regular transactions are posted to the accounting system:

- Transaction-level detail, including orders raised.
- Bank and credit card statements, and reconciliation.
- Monthly payroll reports and journals provided by the outsourced payroll provider.
- Summary records of debtor and creditor balances.
- Management accounts summarising expenditure and income against budget at budget-holder and nominal level.

Reconciliations

The Finance Manager is responsible for ensuring the following reconciliations are performed each month, and ensuring that any reconciling items are cleared:

- Sales ledger control account
- Purchase ledger control account
- Wages control account
- VAT control account
- Bank balance/s per the nominal ledger to the bank statement

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. All reconciliations are retained by the finance department.

4. Income and debtors

Grant income

The CFO is responsible for ensuring that all grants due to the academy are collected. The Finance Manager must maintain a record of the total income expected and, as part of the review of monthly Management Accounts, establish that the correct amount of grant income has been received.

School income (Local Authority invoicing)

Sales invoices are to be generated based on Purchase Orders or similar confirmation received from the relevant local authority. The PO must be supported by a formal contract and / or an Individual Pupil Agreement, which will cover the pupils bespoke provision and costing. These contracts must be checked and authorised by the relevant Headteacher.

Sales invoices for monthly Local Authority Top Up are raised where there is a high turnaround of pupils within a school. These invoices must be based upon a monthly reconciliation of the pupil information held by TFT and the LA on their respective management information systems. The agreed reconciliation must be sent to the relevant Headteacher and Leadership for verification. To ensure there is no delay in invoicing and cashflow, any queries or changes communicated by the Head will be included in the following month's reconciliation.

School income (Dual Registered Recoupment)

Referring specifically to arrangements between TFT schools and other local schools, for short term dual registered child packages. The information used to establish the need to invoice will be derived half termly from the school's management information system. It is then recorded in a spreadsheet and agreed with the Headteacher and Leadership prior to the schools being invoiced.

Other invoices

For all other sales invoice requests, the 'Sales Invoice Request Form' must be completed and then authorised by the Headteacher before sending to Finance to action.

Schools may occasionally operate localised schemes for collecting damage to school property contributions from parents, whereby money is paid directly into the TFT main bank account by the parent. In this instance, finance will ask the school for evidence to support the income upon receipt and reconcile and code the income accordingly.

Catering, Uniform and Tip Income

Wherever possible, catering, uniform and trip income is invoiced and collected using an online payment system (e.g. School Money) which is managed and maintained by the school administrators. The income received directly into the bank is then reconciled by the finance department.

Trips must be run at cost price or less. Any surplus greater than £10 per pupil must be redistributed to the parents/guardians of the child. If the school decides to subsidise trips, the amount of subsidy must be approved by the relevant budget holder in advance of the booking being made.

Cash Custody

Where using an online collection system is not practical, small value cash transactions are recorded by school administrators and the information is retained on spreadsheets or in the actual cash receipt books. Pre-numbered receipts must be issued for all cash received. For school lunches at PRU sites where it is not possible to hand write receipts to every child during food service, a daily / weekly record sheet is maintained by the Kitchen Manager, which must be checked and signed off by the Catering Manager prior to the cash being banked.

The cash is kept in a safe at the school and banked into the main TFT bank account by the school on a regular basis. This must happen at least monthly during term time and at the end of the summer term in July. The school administrator must then email the finance department details of the cash banked, together with evidence to support the income. This is then reconciled and retained by the finance department.

Cheques

TFT does not as a rule accept payments by cheque. Where cheques are received as there is no electronic alternative, they must be banked within three months of receipt and the evidence to support the income is used to reconcile to the bank and retained by the finance department.

Collection of debts

Aged Debtors are reviewed on a weekly basis by the finance department and monthly with the Headteachers. A sales statement is sent out by finance for outstanding debts older than 1 month. Further reminders and telephone calls are then made by the until the debt is settled.

If a debt becomes difficult to recover, the Finance Manager will work in collaboration with School Leadership to secure payment from the relevant stakeholder to make payment. This must be raised with the CFO if further problems persist.

The latest cash balances, cash at bank and outstanding debtor position are included in monthly management accounts and reviewed at Finance & Audit Committee Meetings.

Unrecoverable debts

If the debt remains unrecoverable after 6 months and following appropriate court action, or it becomes clear that the debt will not be repaid, the Finance Manager will submit a report to the CFO for agreement to agree write off. The following write off authorisation limits apply:

- Up to £1000 – Headteacher
- £1000 – 5000 – CFO or CEO
- Over £5000 – Finance & Audit Committee
- The ESFA's approval is also required if debts to be written off are above the value set out in the AFH.

5. Purchases, payments and creditors

Ordering of General Goods and Services

As a public body, we are required to follow legislation and regulations when we purchase goods and services. The purpose is to ensure fairness, openness and transparency in the way we do business 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 Trust.
- **Accountability.** The Trust is publicly accountable for its expenditure and the conduct of its affairs.
- **Fairness:** that all those dealt with by the Trust are dealt with on a fair and equitable basis.
- **Best value, a statutory duty.**
- **Compliance with the Public Contract Regulations 2015.**

Before any goods or services are ordered, a purchase order must be raised in PS Purchasing and must be authorised by the budget holder at the appropriate expenditure level. Purchase orders must not be raised and authorised by the same member of staff.

Where regular purchases are made via designated suppliers, draw down purchase orders must be raised on a termly basis to cover the budgeted costs over the period. These could be value reducing orders or quantity reducing orders. Examples of these could include orders for catering, exams or agency staff cover.

To the extent that the order involves expenditure against restricted funds and is therefore to be coded to the relevant restricted fund nominal ledger account, the budget holder must be satisfied that the funds are being spent in accordance with the fund restrictions.

Orders may then be placed with suppliers by school administrators or central team staff, depending on the nature of the goods or service and where the responsibility lies.

Goods received note

When goods or services are received in a satisfactory condition or manner, the designated administrator for that school or area must goods receive note (GRN) the items in PS Purchasing against the original purchase order.

Problems or queries with goods or services received

It is the responsibility of the staff member who ordered the goods or service, or the budget holder if deemed more appropriate, to resolve issues and problems arising around delivery of the goods or service.

Invoices

All invoices should be sent electronically by email to finance@transformingfutures.org.uk. Any paper invoices received must be scanned and forwarded to this mailbox.

In order to be processed for payment by the finance department, an official purchase order number must be supplied with the invoice. Invoices received without purchase order numbers will not be processed and will be returned to the supplier.

In order to be paid, invoices which match purchase orders must also have been GRN'd by the relevant school or department.

Once the invoice can be matched to a purchase order and the goods or service have been GRN'd, the invoice is progressed in PS Purchasing and becomes available to pay on the relevant supplier terms.

Payments

Purchase Ledger Payment Runs are made every two weeks by the finance department and are overseen by the Finance Manager (or delegated appropriate staff member if they are out of the office).

Payments are made by BACS and the payment list is drawn from the invoices which have been through the purchase order process and have therefore already been authorised for payment. Payment is made wherever possible within the supplier terms and invoices are included on the next available payment run as per these terms once authorised.

The payment run listing or 'paylist' is sent to the CEO for final review and to confirm payment can be made via the bank. In the absence of the CEO, the CFO is also able to confirm the payment can be made.

Ad-hoc payments

When an ad-hoc bank payment needs to be raised against an invoice for which the supplier is not on the purchase ledger, the Finance Manager (or delegated appropriate staff member) must ensure that:

- The invoice has been authorised for payment by the budget holder
- The goods or service have been received satisfactorily
- All evidence pertaining to the above is saved electronically for audit
- There are sufficient funds in the bank to make the payment

Ad-hoc emergency payments may also be made exceptionally to members of staff where errors or omissions have been made during payroll.

The Finance Manager is able to authorise the payment of ad-hoc and emergency payments from the bank up to the value of £5,000. If the value is above £5,000 then the CEO or CFO must give authorisation.

Setting Up Suppliers

All requests for new suppliers must be emailed to finance@transformingfutures.org.uk using the 'new supplier set-up form'.

- The form must be signed by the Headteacher or Head of Department if the supplier is for Central Services.
- No commitment to the supplier can be made until set-up is agreed by the Finance Manager (or delegated appropriate staff member in their absence).
- The Finance department will perform the following checks:
 - The New Supplier Setup Form has been fully completed and authorised
 - The information on the setup form matches that held at Companies House and that they are active and trading. The information also matches that shown on the supplier website.
 - The supplier will be used on a regular ongoing basis (one off purchases will be made by ad-hoc payment)
 - Payments to the supplier are accepted by BACS into a UK bank account
 - IR35 check is carried out if appropriate, with input from the HR department

Estimating the Value of the Order

The calculation of the estimated value of a procurement is based on the total amount payable including any contract extension options. Consideration of the total estimated value should be for the Trust and not just for an individual school. Advice should be sought from the Trust's Finance Department to determine the correct estimated value of a procurement.

Selecting the Procurement Process

Please see the Trusts Procurement and Competitive Tendering Policy for further detail. Summarised here for reference:

- Up to £1,000 and £5,000
 - Single quote.
 - Approved by relevant budget holder through PS Purchasing.
- £5,001 to £15,000
 - Three written quotations are required. Documentation to be held on file.
 - Approved by CEO or CFO through PS Purchasing.
 - CEO to sign the contract.
- £15,001 to £50,000
 - Three written quotations are required. Documentation to be held on file.
 - Finance & Audit Committee to provide approval to order.
 - CEO to sign the contract.

- Approved by CEO through the PS Purchasing.
- £50,001 to procurement threshold
 - Offer the opportunity to at least three Suppliers via formal tender process.
 - Finance & Audit Committee to provide approval to award the tender and delegate authority to CEO or CFO to sign the contract.
 - Approved by CEO through the PS Purchasing.
- Spend Threshold and Above
 - Advertised invitation to Tender. Procurement process to be run in accordance with the Public Contract Regulations.
 - Trust Board to provide approval to award the tender and delegate authority to CEO or CFO to sign the contract.
 - Approved by CEO through the PS Purchasing.

Contracts Register

The Trust is required to maintain a register of contracts to:

- Ensure full understanding of liabilities and compliance with procurement rules.
- Identify which contracts need to be re-let and programme work.
- Support understanding of 'gaps' and areas where efficiency gains may be sought.
- Compare with spend analysis from the accounting software and identify where no contracts exist but should.
- Demonstrate greater accountability regarding contracting activity.
- Identify areas where collaboration would be beneficial – immediately or on renewal.

Staff Expenses

The trust does not operate or hold any petty cash. Expenses incurred by staff on behalf of the school will only be reimbursed under strict criteria.

Mileage and travel related claims are processed via payroll and are submitted and authorised using the HR online claims system - CoreHR. Claims for travel and subsistence are checked and approved by the staff members line manager. The CoreHR system is maintained by the HR Department.

Mileage paid at the HMRC approved rate of 45p per mile (20p per mile after 10,000 miles annually). Passenger miles are also paid at 5p per mile.

Where a staff member has to purchase something in an emergency for a school or for the wellbeing or safety of a pupil, a claim can be made by referring to the Staff Expense Reimbursement Policy and completing an Expense Reimbursement Form. Policy summarised here:

- VAT receipts must be provided for the expense where VAT has been levied on the purchase. Non VAT receipts must be provided for all other claims. Handwritten receipts will not be accepted.
- The form must be properly coded with the nominal and cost centre information and the relevant budget holder (s) must have signed the form.

- A budget holder may not sign for their own expense from their budget – the form must be referred upwards to the head teacher / central service manager.
- Forms are input onto the relevant school Staff Expense Ledger in PS Financials.
- Staff Expense Payment Runs are made twice monthly by BACS and are overseen by the Finance Manager (or delegated appropriate staff member in their absence).
- The Finance Manager authorises Staff Expense Payment Runs up to the value of £5,000. Payments above this limit need approval from the CFO or CEO. If the Finance Manager is absent, then the payment must be approved by the CFO or CEO.

Executive Staff Expense Claims must be authorised as follows:

- CEO claims by Chair of Trustees
- CFO claims by CEO
- Headteachers by CEO or CFO
- Trustee or Members claims by CEO or CFO

Credit cards

Credit Card usage should be kept to a minimum and purchases made via PS Purchasing wherever possible. For emergency use or where a critical payment cannot be paid from an invoice, each Headteacher and the Finance and Estates central teams hold a credit card. Where a purchase is made, the Credit Card Usage Policy must be followed. This is summarised here:

- Prior to usage, written approval must be obtained to purchase from the relevant budget holder.
- VAT receipts must be obtained for the expense where VAT has been levied on the purchase. Non-VAT receipts must be obtained for all other claims. Handwritten receipts will not be accepted.
- Within one week of the card statement being issued, the 'Credit Card Monthly Statement Reconciliation Form' must be completed and signed by the Headteacher, or in the case of Central Services by the Finance Manager.
- The authorised Credit Card Monthly Statement Reconciliation Form and receipts must then be sent by email to finance@transformingfutures.org.uk for checking and processing by the finance department. This must happen within 1 week of the statement date (26th of the month) in order to be included in the preceding months accounts.

The credit card balance must be repaid monthly in full by direct debit, to avoid any borrowing risk.

Payroll

Payroll Processing

Personnel files are maintained digitally (Electronic Files) by the HR Team which must contain signed contracts of employment for all staff. There are some exceptions for old PCC files which are a legacy of the TUPE transfer.

Staff are paid monthly by BACS on 25 of each month, or previous working day if this falls on a weekend / national holiday. Payroll Processing is outsourced to DELT Shared Services.

Claims for overtime and additional hours are submitted into CoreHR and are checked and authorised by the staff members designated line manager or approver. CoreHR forms part of the Payroll system operated by DELT.

The HR Department, who prepare a reconciliation between the current month's and the previous month's gross and net salary payments showing adjustments made for new appointments, resignations, pay increases etc. Any errors identified are notified to DELT and are rectified before sign off. The final reconciliation is reviewed by the CEO prior to authorisation of the gross pay report and payroll summary and final authorisation of payroll to DELT. The authorised documents are retained by the HR Department. Reconciliation of Gross Pay Report (in detail) no longer takes place. HR check their internal transactions (only) that the team have sent to Payroll – Leavers/Starters/Contract changes etc and generate the new Report for the CEO to review/sign off from the Gross Pay Report. All staff pay queries are now reviewed/resolved by Delt Payroll team. After the payroll payment is sent electronically via the bank, DELT issue monthly payroll journal data and associated reports. These are checked and the journals created and imported into PS Financials by the Finance Department. Postings will be made both to the payroll control account and to individual cost centres. The payroll control accounts are reconciled as part of the month end process.

Staff appointments

The Finance & Audit Committee and Trustees approves a personnel establishment annually as part of the business planning and annual budget setting processes. Changes to the establishment that fall outside of budget or approved revised forecast can only be made with the prior approval of the Finance & Audit Committee.

The CEO has authority to appoint staff within the authorised establishment except for the CFO, whose appointment must follow consultation with the Trustees. Key personnel changes must be notified to the Finance & Audit Committee.

All staff vacancies must be advertised, internally and/or externally. Before any vacancy is advertised, approval from the relevant staff budget holder must be obtained. Where the vacancy is outside the authorised budget, approval must be obtained from the Finance & Audit Committee prior to the advertisement being posted.

Staff severance payments

The guidance on staff severance in the context of the proper use of public funds is detailed in the AFH and must be referred in all cases where staff severance payments are being considered.

6. Assets

Capital schemes. See also Section 2.

Fixed asset register (FAR)

All capital items purchased over the capitalisation limit of £1,000 (changed from £250 in February 2021) must be entered into the relevant asset ledger on PS Financials. This ledger is used as the basis for calculating the annual depreciation charge. An additional electronic record must also be kept and maintained which includes:

- Invoice number from PS Financials
- Asset description
- Asset reference number (PS Financials asset ledger reference)
- Serial number if appropriate
- Date of acquisition
- Location including school, base and department / room number
- Asset cost at purchase
- Expected useful economic life

Asset Depreciation

Assets are depreciated as follows:

- Long-term leasehold property - 2% straight line
- Furniture and equipment - 20% straight line
- Computer equipment - 33% straight line

Asset security

All items included in the FAR should be permanently and visibly marked as the Trust's property. An annual check should be done to ensure that all assets included on the register exist and are unimpaired. Any differences should be investigated and, if significant, reported to the CEO and Finance & Audit Committee.

Disposals

The guidance on asset sales in the context of the proper use of public funds is set out in the AFH, which should be referred to whenever assets are being considered for disposal.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFO for assets with original cost of less than £10,000 and by the Finance & Audit Committee for assets with an original cost in excess of this. For all asset disposals where expected proceeds exceed £5,000 the CFO must ensure that a competitive bidding/tendering process is undertaken if the nature of the asset permits. If this cannot be achieved the method adopted to ensure value for money must be approved by the Finance & Audit Committee.

Loan of assets

If a member of staff wishes to borrow an asset for personal use this must be organised through the CFO. The CFO must keep a record of the loan and check the condition of the asset on its return. Loans must be for short periods only to avoid potential benefit-in-kind tax consequences.

Stocks

Regardless of whether stocks of goods for resale (e.g. uniforms, stationery, equipment) are to be included within the Trusts annual balance sheet, then a formal stocktake should be undertaken at the end of the summer term at a school level. Orders are then placed to ensure correct stock levels at the start of the Autumn Term. Items purchased for the Autumn Term are shown as a prepayment in the year end accounts.

Bank and cash

Bank accounts

The opening of all bank accounts must be authorised by the Finance & Audit Committee who must set out in a memorandum the arrangements covering the operation of the accounts including any transfers and signing arrangements/BACS authorisation arrangements.

Deposits

Particulars of any bank deposit must be entered on a copy paying in slip, counterfoil or listed in a supporting book or electronic record.

Payments and withdrawals

All bank payments (except for Payroll payments initiated via DELT) must be authorised by two of the following:

- CEO
- CFO
- HR Manager
- Finance Manager
- Assistant/Management Accountant
- Finance Administrator

Payments are no longer made by cheque.

7. Proper and regular use of public funds

Handbook requirements

The AFH sets out the requirements of the Trust to put in place procedures to ensure regularity and propriety in the use of public funds. To comply, the Trust must:

- Establish controls to ensure that spending has been for the purpose intended (Section 3)
- Maintain a register of trustees' business interests (below)
- Establish controls to ensure no payments are made to Trustees or other related parties, unless permitted (Section 3)
- Ensure payments made to senior employees comply with the DfE's directions re avoidance of tax (Section 3)
- Ensure a competitive tendering policy is in place and applied (Section 3)
- Ensure that assets are not disposed of without appropriate consent (Section 3)

The CEO's statement on governance, regularity, propriety and compliance must be included in the TFT's annual report. The CEO also has a responsibility to advise the Trustees and the ESFA on any instances of irregularity or impropriety, or non-compliance with the terms of the Funding Agreement. To help to enable the CEO to sign off on this statement, the Trust maintains a Key Financial Controls Checklist, which sets out those key controls which should operate on a monthly, per committee meeting and annual basis. The CFO is responsible for maintaining this checklist and signing it on a monthly basis to confirm compliance.

Register of business interests

Trustees and staff with significant financial powers must declare any financial interest they have in organisations or individuals from which the Trust may be making purchases. The register is open to public inspection. All Trustees, Members and relevant staff will be asked to confirm on an annual basis that the register of interest is up to date and complete.

The register should include all business interests, such as directorships, shareholdings and other appointments within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives or business partners where influence could be exerted.

The register of business interests does not detract from the duties of Trustees and staff to declare interests whenever they are being discussed by the Trustees or a Committee. Where an interest in a matter has been declared, Trustees and staff should not attend the part of the meeting dealing with the matter.

Payments to Trustees, employees or other related parties

Trustees and staff will avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. A register of hospitality and gifts received must be maintained, further details are set out in the Trust Gifts and Hospitality Policy.

Trustees and Members will receive no remuneration for their work other than payment of reasonable out of pocket expenses, such as travel or accommodation charges incurred in connection with their duties.

The Trust must report all payments to related parties in excess of £20,000 to the ESFA in advance of the transaction taking place, using the appropriate online form. This includes circumstances when the total value of multiple contracts exceeds this limit. The Trust must also obtain ESFA's approval for transactions with related parties that are novel, contentious and/or repercussive. This does not include payments made to related parties through payroll.

The Trust must continue to report all related party transactions, regardless of value, in their annual financial statements as set out in the Academies Accounts Direction.

Abnormal transactions and delegated authorities

The following non-routine transactions are identified in the AFH:

- Overpayments
- Unrecoverable debts
- Guarantees, letters of comfort and indemnities
- Losses of stock and other assets
- Gifts or hospitality received or given
- Gifts of surplus assets
- Staff severance payments and compensation
- Asset sales, leases and tenancy agreements

For all of the transactions above and any other transaction which falls outside the usual planned range of activities, the Trust should obtain relevant professional advice where appropriate; ensure decisions reflect value for money; agree internal delegation levels; and disclose the aggregate of such transactions in the annual accounts, detailing each individual transaction greater than £5,000. All abnormal transactions must be reported to the Governing Body, regardless of the internal approval delegated authorities.

If the Trust is involved in any of the above non-routine transactions, the guidance (including prescribed delegated limits) in Sections 2.4 and 2.6 of the AFH must be followed.

One of the recommendations of the AFH is that the Trust should set internal delegation levels for the approval of the above non-routine transactions.

Other matters

Whistleblowing

The Trust has procedures for whistleblowing, to protect staff who report individuals they believe are doing something wrong or illegal. The current policy can be found at

- <https://www.transformingfutures.org.uk/attachments/download.asp?file=86>

Concerns may be raised with the headteacher of your school, a member of the Trust Executive Leadership Team or the Accounting Officer.

All staff must be made aware of the whistleblowing process as part of their induction, including:

- How concerns will be managed.
 - The protections in place.
 - To whom they must report a concern.
-

Borrowing

ESFA approval is required for borrowing and certain other similar liabilities (leases, tenancies, indemnities). In the event that the Trust considers entering into any such transaction, full Board of Trustees approval is required.

Related party transactions

Definition of a related party: Related parties arise where:

- One party has control or influence over the other, or
- The parties are subject to common control.

The Trust is permitted to make transactions with related parties, as long as:

- Open and transparent procurement procedures are followed.
- Potential conflicts of interest are managed.
- ESFA rules, including mandated reporting and advance approval are followed.

Reserves Policy

The Trust aims to hold a prudent level of resources designed to meet long-term cyclical needs of renewal, development plan aims, and unforeseen contingencies.

The Chief Executive Officer as Accounting Officer must inform the ESFA immediately if a deficit is anticipated at Trust level.

Surpluses and deficits on reserves are recorded at school level and carried over to the following year.

Whilst the Trust manages its funds corporately, constituent academies must ensure action is taken at the earliest opportunity to address sustainability concerns. Reports on individual positions are included within the management accounting reports

The Trustees have determined that the appropriate level of free reserves should be approximately one month's expenditure, or £0.9m.

8. Annual accounts

The Trust must prepare annual audited financial statements for the accounting period to 31 August. The accounts are prepared by the Trust's auditors with support from the CEO, CFO and Finance Manager.

The accounts are then submitted as follows:

- By 31 December – to ESFA.
- By 31 January – published on our own website.
- By 31 May – to Companies House.

Annual Accounts Return:

- The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
 - The preparation of the accounts return is outsourced to the appointed auditors.
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Audit arrangements

Internal and external auditors must be appointed in accordance with the Academies Financial Handbook.

The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

9. Summary of Financial Authorisation Levels

<i>Delegated Duty</i>	<i>Value</i>	<i>Delegated Authority</i>
Ordering Goods and Services. Authorising Invoices, Expenses and Credit Card purchases.	Up to £1,000	Designated Budget Holder
	£5,000	Head of School. Department Manager within Central Services.
	£5001 - £15,000	CEO or CFO
	£15,001 - £50,000	Finance & Audit Committee
	£50,001 to EU procurement threshold	Finance & Audit Committee
Signatories for changes to bank mandate	N/A	Two signatories from: <ul style="list-style-type: none"> • CEO • CFO • HR Manager • Finance Manager
Signatories bank payment authorisations and other bank transfers	Any	Two signatories from: <ul style="list-style-type: none"> • CEO • CFO • HR Manager • Finance Manager • Assistant/Management Accountant • Finance Administrator
Online authorisation for ESFA grant claims and ESFA returns	Any	<ul style="list-style-type: none"> • Finance Manager • Estates Manager • CFO • CEO
Disposal of assets	Assets which cost up to £10,000	CFO
	Assets which cost over £10,000	Finance & Audit Committee
Write-off of unrecoverable debts	Up to £1,000	Headteacher
	£1,001 - £5,000	CFO or CEO
	Above £5,000	Finance & Audit Committee
Purchase or sale of any freehold or leasehold property	Any	ESFA approval required
Granting or take up of any leasehold or tenancy agreement exceeding 7 years	Any	ESFA approval required