

## Meeting of the South Bank Academies Audit Committee

2.00 pm on Thursday, 28 November 2019  
in Technopark, SE1 6LN

### Agenda

| <i>No.</i> | <i>Item</i>  | <i>Pages</i> | <i>Presenter</i> |
|------------|--|--------------|------------------|
| 7.         | System of internal control report (to discuss)                   | 3 - 4        | NF               |
| 12.        | Financial controls policy and SBA financial scheme of delegation | 5 - 78       | HA               |

**Date of next meeting**  
**2.00 pm on Tuesday, 10 March 2020**

**Members:** Richard Flatman (Chair) and Tony Giddings

**In attendance:** Helena Abrahams, Michael Broadway, Alexander Enibe, Natalie Ferer, Anjali Kothari, Danna Lukic, Om Parkash and Fiona Morey

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|                  |   |
|------------------|---|
|                  | INTERNAL  |
| Paper title:     | Internal Control Report – Review of effectiveness                 |
| Board/Committee: | SBA Audit Committee meeting                                       |
| Date of meeting: | 28 November 2019  |
| Author(s):       | Natalie Ferer, Group Financial Controller                         |
| Purpose:         | For Discussion  |
| Recommendation:  | The committee is requested to discuss the internal control report |

## Review of Effectiveness

This paper presents the annual review of effectiveness of the Trust’s system of internal control and underpins the internal control statement in the accounts.

The draft statement in the accounts is shown below:

*South Bank Academies has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:*

- *the work of internal audit*
- *the work of the external auditor*
- *the work of the managers within the Trust who have responsibility for the development and maintenance of the internal control framework*

*The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.*

## Work of the internal auditor

A review was commissioned by the University following concerns raised at the previous two year ends on the internal control environment at the Trust. As a result, the Trust is part of the group internal audit function delivered in 2018/19 by PwC and by BDO from 1<sup>st</sup> August 2019. During the year PwC reviewed Key Financial Controls, Safeguarding, Risk Management and Value for Money.

The review of Key financial controls in quarters 1 and 2 identified 15 control gaps out of an expected 24 controls, resulting in the area being classified as high risk. Medium risk findings were also identified for budgeting, financial monitoring and one low risk advisory finding for safeguarding. A follow up review in quarter 3 together with a review of risk management and safeguarding was requested. The overall conclusion at quarter 3 was that the Trust had made

good progress in implementing actions with a 67% implementation rate and the remainder, mainly relating to year end processes, not yet due for implementation.

BDO are scheduled to do a further internal audit review in December 2019. Internal Audit reports are taken to meetings of the Trust and Group Audit Committees.

### **Work of the External Auditor**

*Following the 2019 audit, Moore Kingston Smith, the external auditor, reported one high risk finding, three medium and one low risk finding relating to the current year\**

The Trust has taken action to address a significant number of control weaknesses as identified during the 2016/17 and 2017/18 audits and has made improvements around the key financial controls of accounts payable, general ledger and month end and year end close down. The auditor followed up on progress with implementation of prior year actions as part of their 2019 interim and final audit work and they found that 21 out of 25 actions had been implemented. Action plans are in place for the small number of outstanding actions.

The auditor has issued a modified regularity report on the financial statements on the basis that they have identified 5 issues, included in their findings, relating to regularity.

### **The work of the managers within the Trust who have responsibility for the development and maintenance of the internal control framework**

The Trust has centralised financial control and has appointed a new Business Manager who has responsibility for oversight of compliance matters and for managing the work of the Finance team. In addition, since January 2019, month and year end accounting is carried out by University finance staff and is reviewed by the Group Financial Controller. The Trust Business Manager and Group Financial Controller are jointly working to ensure that the control environment in the Trust continues to improve and that findings from the work of the Internal and External Auditors are addressed. Monthly management accounts are produced and reviewed by management and are taken to each meeting of the Trust Board.

### **Recommendation**

It is recommended that the Committee review and note the internal controls report

\*to be updated post Audit Committee

|                  | CONFIDENTIAL  |
|------------------|---|
| Paper title:     | Financial controls policy and SBA financial scheme of delegation  |
| Board/Committee: | SBA Audit Committee meeting   |
| Date of meeting: | 28 November 2019  |
| Author(s):       | Helena Abrahams, Trust Business Manager   |
| Sponsor(s):      | Natalie Ferer, LSBU Group Financial Controller  |
| Purpose:         | For Review  |
| Recommendation:  | The committee is to review the policies so that they can be approved at the next Board meeting on 5th December 2019 |

## Summary

The financial controls policy and scheme of delegation were updated by Clym Cunnington (previous Trust Business Manager) before he left.

The updated policies are attached. The next step is to ensure that the systems and processes are implemented and communicated with key stakeholders.

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# Financial Procedures Manual

**August 2019**  
**Review: August 2020**



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## 1.0 Introduction

- 1.1 Academy Trusts **must** take full control of their financial affairs. This Handbook does not include any requirement that the ESFA considers Trusts should not expect of themselves or would find unduly onerous. (AFH ref 1.4.1)
- 1.2 As Companies, The Trusts **must** produce audited accounts. The accounting period for all Trusts will usually be set out in its funding agreement with most Trusts reporting to a 31 August yearend. The audited accounts **must** be submitted to the ESFA by 31 December each year. (1.4.2)
- 1.3 As Charities, Trusts **must** maintain accounting records and provide publicly accessible accounts in line with the Statement of Recommended Practice [SORP] for Charities. (1.4.3)
- 1.4 The ESFA issue an annual accounts direction no later than the end of May prior to the end of the Financial Year to which this relates, to assist Trusts in producing annual accounts in the required format and to ensure regularity. The Accounts Direction supplements the Handbook and derives from requirements set out in the Trust's Funding Agreement.
- 1.5 It is a requirement of the Trusts' company that they **must** file their annual accounts with Companies House for public access and provide a copy of the accounts to anyone who requests them. Trusts **must** also publish the annual accounts on their website no later than the end of January following the Financial Year to which the accounts relate. (1.4.5)
- 1.6 The Purpose of these Procedures is to ensure that South Bank Academies Trust maintains and develops effective systems of financial control to ensure propriety and good financial management. It is essential these systems operate properly so the requirements of South Bank Academies Trust's Funding Agreement with the DfE can be met. (2.3.1)
- 1.7 This document expands on the Academies Financial Handbook 2019 and provides detailed information about South Bank Academies Trust's accounting procedures. It should be read by all staff involved with financial systems and by Trustees who have ultimate collective responsibility for overseeing the finances of the Trust's Academies.

## 2.0 Responsibilities of Trustees

- 2.1 The Board of Trustees of the Trust has wide responsibilities under statute, regulations and the Funding Agreements. Principally, it is responsible for ensuring that the Trust's funds are used in accordance with the law, its Articles of Association, its Funding Agreement and the Academies Financial Handbook 2019. The Board of Trustees has wide discretion over its use of the Trust's funds, which it must discharge reasonably, and in a way that commands broad public support. It is responsible for the proper stewardship of those funds, including regularity and propriety and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. (1.5.11)
- 2.2 The Trusts are companies limited by guarantee and exempt charities. The Board of Trustees is subject to the duties and responsibilities of Charitable Trustees and Company Directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure the proper governance and conduct of the Trust. The key requirements are reflected in the Articles of Association, the Funding Agreement and the Academies Financial Handbook 2019. The Trust should be

aware of the Charity Commission's Guidance for Trustees [CC3: The Essential Trustee: What You Need To Know] and the other guidance. In addition, the Charity Commission website is a good general resource on the proper conduct and operation of charities. (1.5.12)

- 2.3 The Board of Trustees **must** understand their statutory duties as Company Directors as set out in the Companies Act 2006. These comprise the duties to:
- Act within their powers
  - Promote the success of the Company
  - Exercise independent judgement
  - Exercise reasonable care, skill and diligence
  - Avoid conflicts of interest
  - Not to accept benefits from Third Parties and
  - Declare interest in proposed transactions and arrangements.

These duties are especially relevant when entering into transactions with connected parties. (1.5.13)

- 2.4 The Board of Trustees **must** provide details of the Trust's governance arrangements in the governance statement published with its annual accounts. A key feature is Trustees' Review of Governance including consideration of the composition of the Board in terms of skills, effectiveness, leadership and impact.
- 2.5 Trusts producing audited accounts for the first time **must** set out in their governance statement what they have done to review and develop their governance structure and composition of the Board of Trustees. (1.5.15)
- 2.6 When reviewing their governance, Trusts can refer to the questions for Governing Bodies published by the All-Party Parliamentary Group on education, Governance and Leadership (1.5.16)
- 2.7 The Funding Agreement sets out additional specific responsibilities of the Board of Trustees.

### 3.0 Guiding Principles of Academies Trust Governance

- 3.1 The SBA Board is collectively responsible for the overall direction of the Trust and its strategic management and has a responsibility, not only to be effective, but also seen to be effective. Therefore, the Trust will manage and administer its affairs in accordance with the seven principles of public life which are as follows:
- **Openness**  
An approach to all interested parties in the disclosure of information, that lends itself to necessary scrutiny.
  - **Integrity**  
This is best described as both straightforward dealing and completeness.
  - **Accountability**  
The process whereby individuals are responsible for their actions and decisions.
  - **Selflessness**  
Trustees, Members and Governors should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment or other advantage, on others.

- **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.

- **Honesty**

Governing Bodies have a duty to uphold the law, and to act on all occasions in accordance with the trust placed in them.

- **Leadership**

Those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Governing Body. (3.1.13)

3.2 The SBA Board is responsible for ensuring that high standards of corporate governance are maintained and exercises a strategic role in addressing such matters as:

- Policy development and strategic planning geared towards continuous The Trust improvement
- Ensuring sound management and administration and ensuring managers are equipped with relevant skills and guidance
- Ensuring compliance with legal requirements
- Establishing and maintaining a transparent system of prudent and effective internal controls.
- Management of financial, human and other resources.
- Monitoring performance and the achievement of objectives
- Ensuring accountability through consultation and reporting and responding to the needs of parents/carers and the community.
- Setting standards of conduct and values
- Assessing and managing risk. (4.2.2)

3.3 The SBA Board's responsibilities include:

- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the Funding Agency, the Articles of Association and the Academies Financial Handbook.
- Approval of the Annual Budget
- Approval of the Annual Report and Accounts.  
(2.1.1)

3.4 The SBA Board, CEO, CFO and The Trust Leadership will comply with or have regard to:

- Standards of financial management and propriety recommended or prescribed in the Academies Financial Handbook
- Advice and guidance relating to the financial performance of Academies arising from the work of the ESFA, Ofsted, Audit and any other relevant Third Party.

## 4.0 Financial Conduct – Proper and Regular Use of Public Funds

4.1 The Academies Financial Handbook sets out the requirements of the Academies 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.
- Maintain a Register of Trustees' business interests [see below].
- Establish controls to ensure no payments are made to Trustees, Local Governors or other related parties unless permitted or agreed and minuted at board meetings
- Ensure payments made to senior employees comply with the DfE's directions regarding avoidance of tax.
- Ensure a competitive tendering policy is in place and applied.
- Assets are not disposed of without appropriate consent. (1.5.1 and 1.5.20)

4.2 Register of Interests

The SBA Board, Local Governors and The Trust Staff have a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the Academies Trust. A Register of Business Interests will be maintained for Trustees and Staff with an influence over spending decisions and be published online.

The Register will include all business interests such as directorships, share holdings, family and other appointments of influence within a business or other organisation, which may have dealings with the Trust. The disclosures should also include business interests of relatives and other individuals who may exert influence. The Trust will ensure that the Register is up-to-date and complete, includes all Trustees, Local Governors and relevant staff and in this regard is signed and dated.

4.3 Financial Malpractice including the Reporting of Suspected Theft and Fraud

This Trust believes that staff should be able to properly raise concerns, in confidence and without prejudice to their personal position. Where appropriate, this will include an opportunity to raise concerns outside the line management structure and an indication of the proper way in which concerns may be raised outside the organisation, if necessary.

The following person has been nominated as a contact point for queries of a confidential nature arising from the financial work of the Trust .

*Designated Person: Principal or, where inappropriate to raise concerns with the Principal, Executive Principal or the Chief Executive Officer*

In the event that the concerns are such that it would be inappropriate to raise concerns either with the Principal, Executive Principal or Chair of the Board, the member of staff must contact The Education Funding Agency or the ESFA which has the power to issue a Financial Notice to Improve on governance related concerns. (2.3.5)

4.4 Goods and Services for Private Use including the Receipts of Gifts and Hospitality

The Trust will avoid practices such as obtaining goods and services that may include an element of private use for trustees, Local Governors or staff. Trustees, Local Governors and staff will also avoid accepting excessive hospitality, entertainment, or other services from existing or prospective suppliers. A Register should be maintained to record hospitality and

gifts received to include the donor, the date and the approximate value. The Prevention of Corruption Act places the burden of proof on the recipient of favours. (3.5.1)

#### 4.5 Payments to Trustees, Local Governors Employees or Other Related Parties

Unless an individual has provided clear evidence of self-employed status all payments to individuals will be processed only through the payroll system. Payment for employment will not be made to staff or visiting lecturers etc. through any other mechanism. It is illegal for Trustees and Local Governors are not remunerated for their work as Trustees or Local Governors. They may receive payment of reasonable out of pocket travel, accommodation or other expenses incurred in connection with their attendance at meetings or events acting in their capacity as Trustees or Local Governors of the Trust. (3.1.11)

#### 4.6 Abnormal Transactions and Delegated Authorities

The Academies Financial Handbook 2019 identifies the following non-routine transactions and provides guidance in Part 3 which must be followed:

- Novel and/or contentious transactions
- 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
- Ex gratia payments
- Asset sales, leases and tenancy agreements
- Compromise Agreements

For all of the transactions above and any other transaction which falls outside the usual planned range of activities, the Academies Trust will 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 transaction greater than £5,000. All abnormal transactions will be reported to the SBA Board, regardless of the internal approved delegated authorities. (3.1.5)

#### 4.7 Other Matters

##### *Fees and Charges*

Fees for chargeable services should normally be set at full cost but a higher amount may be used when in a commercial environment. (2.2.12)

##### *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 SBA Board approval is required. (3.4)

##### *Credit Cards*

Where a credit card is used, credit card limits will be set at appropriate levels and any balance will be repaid monthly in full, to avoid any borrowing risk. Further information is given in Appendix 5. (3.4.1)

## *Spend Categories not requiring a PO to be raised*

The following categories of spend require appropriate contracts to be put in place in accordance with competition requirements, however they do not require a purchase requisition/order to be raised:

|                           |                               |
|---------------------------|-------------------------------|
| Accreditation             | Fees                          |
| Bursary and Scholarship   | Funding distribution          |
| Childcare Vouchers        | Mobile phone rental (via ICT) |
| Contract Catering         | Pension costs                 |
| Contract Printing         | Postage (via EAF)             |
| Legal Fees                | Rates                         |
| Leased Computer Hardware  | Rent and service agreements   |
| Courier Charges           | Telephone call charges        |
| CRB checks                | Utilities                     |
| Credit card charges       | Taxation                      |
| Franchise payments        | Any contracted services       |
| Examination Registrations | Supply Teacher/Agency Fees    |

## *Expenses Claims*

The following items may not be claimed through the expenses process

- Luggage
- Clothing – unless for student hardship
- Cosmetics
- Toiletries – unless for student hardship
- Personal books, magazines and CDs
- Access to premium airport lounges
- Electronic equipment such as cameras, mobile phones and memory sticks
- Alcoholic drinks (Annual Accounts Direction 2018)
- Mini bar alcoholic drinks and snacks
- Films
- Treatments in hotel leisure facilities
- Travel between home and an employee's normal work place
- Partners, spouses or other persons not connected with the Trust shall not travel at the Trust's expense ('Trading down' of travel tickets, i.e. travelling by a lower class in order to claim an extra ticket for a spouse/partner is not permitted)
- Travel costs, accommodation, subsistence and insurance for days taken as holiday linked to a business trip
- Excess baggage charges unless these are due to items being taken for business
- Reasons and this has been agreed in advance.

- Parking or other driving contravention fines
- Parking or speeding fines while driving the minibus
- Fuel for private vehicles as this is included in the mileage rates.
- Congestion charge unless travelling into central London is unavoidable and this has been agreed in advance
- Payment for informal arrangements for accommodation or travel provided by friends or relatives of the employee
- Cost of a new or replacement passport unless this need is the result of very high volumes of business travel
- Insurance to cover personal materials and equipment



Gifts of a personal nature

Floral gifts – other than on the death or serious illness of an employee, student or an employee's partner or child

Tea and coffee for office use

Radios for office use.

For items above £50 that would normally be ordered on the charge card or through the school's procurement process.

## 5.0 Financial Organisation and Overview of Roles and Responsibilities

The Academies Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees, Local Governors and staff. The financial structure is illustrated below:

### 5.1 The South Bank Academies Board

The SBA Board has overall responsibility for the administration of the Trust's finances. It is fully responsible for the company's operational delivery, including legal and regulatory compliance of all relevant external bodies.

The main responsibilities of the Board are prescribed in the Funding Agreement between the Academies Trust and the DfE and in the Academies Trust Scheme of Government. These responsibilities may be delegated to relevant sub committees of the Board such as the SBA Audit Committee.

The main responsibilities include:

- Ensuring that grant from the DfE are used only for the purposes for which it was intended
- Ensuring that funds from sponsors are received according to the Trust's Funding Agreement and are used only for the purposes intended
- Final approval of the Annual Budget
- Appointment of the Chief Executive Officer, Executive Principal and School Principals including Principal pay awards.
- Appointment of SBA Members and Chair
- Authority to approve expenditure at any level with due regard to the available funds and in line with Academies Financial Handbook 2019 guidelines.

### 5.2 The Audit Committee and the Academies Financial Handbook

In line with the Trust's Financial Handbook 2019, Section 2.4.3, all Trusts and Multi Academy Trusts with income over £50 million are required to have an Audit Committee. Trusts with less income than stated above may also establish an Audit Committee.

The Audit Committee is a Committee of the SBA Board and meets at least once a term but more frequent meetings can be arranged, if necessary. The main responsibilities should be detailed in written Terms of Reference which have been authorised by the Governing Body or Board with overall accountability for the Academies Trust.

Audit Committees responsibilities are outlined in Appendix 12 Audit Committee's Terms of Reference

### 5.3 Audit Committee

The South Bank Academies Trust has established an Audit and Risk Committee as outlined in Point 5.2 above, to provide assurance over the suitability and compliance with its financial systems and controls. In this way, the Academies Trust achieves internal scrutiny which delivers objective and independent assurance on the schools' and the Trust's financial operations. The Committee's work is to focus on providing assurances to the SBA Board that the risks are being adequately identified and managed by reviewing the potential risks and agreeing a programme to address and provide assurance on them.

The Accounting Officer and other relevant senior staff should routinely attend the Committee in the capacity set out directly above.

### 5.4 The Chief Executive Officer [Accounting Officer]

Each Multi Academy Trust **must** designate a named individual as its Accounting Officer. The individual **must** be a fit and suitable person for the role. In Multi Academy Trusts this is the chief Executive Officer. The appointment of an Accounting Officer does not remove the responsibility of the Trustees, both individually and as a Board, for the proper conduct and financial operation of the Multi Academy Trust.

The CEO is responsible to the Board for the financial management of the Trust in the role of Accounting Officer.

The role of the Accounting Officer includes specific responsibilities for financial matters. It includes personal responsibility to Parliament and to the ESFA's Accounting Officer, for the financial resources under the Trust's Control. Accounting Officers **must** be able to assure Parliament and the public of high standards of probity in the management of public funds, particularly:

- **Regularity and Compliance**  
Dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's Funding Agreement and the Academies Financial Handbook [2019] and compliance with the Trust's internal procedure. This includes spending public money for the purposes intended by Parliament.
- **Propriety**  
The requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.
- **Value for Money**  
This is about achieving the best possible educational and wider social outcomes, within the Trust's object, through the economic, efficient use of resources, the avoidance of waste and extravagance and prudent and economical administration. A key objective is to achieve value for money not only for the Trust but also for taxpayers generally.

The Accounting Officer **must** also complete and sign a statement of regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts.

Whilst the Trust's Accounting Officer is accountable for the Academies Trust's financial affairs, for keeping proper financial records and for the management of opportunities and risks, the delivery of the Trust's detailed accounting processes will be delegated to a Chief Financial Officer, who will perform the role of Finance Director, Financial Controller, Trust Business Manager or equivalent.

The Accounting Officer **must** take personal responsibility [which **must not** be delegated] for assuring the Board that there is compliance with the Handbook and Funding Agreement. The Accounting Officer **must** advise the Board in writing if, at any time, in his or her opinion, any action or Policy under consideration by them is incompatible with the Articles, Funding Agreement or the Academies Financial Handbook [2019]. Similarly, the Accounting Officer **must** advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook 2019 or Funding Agreement. Where the Board of Trustees is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer **must** consider the reasons the Board gives for its decision. If, after considering those reasons the Accounting Officer still considers that the action proposed by the Board is in breach of the Articles, the Funding Agreement or the Academies Financial Handbook 2019, the Accounting Officer **must** notify the ESFA's Accounting Officer immediately, in writing.

More detailed guidance on the role of an Accounting Officer is set out in Chapter 3 of HM Treasury's Managing Public Money. HM Treasury's Handbook, 'Regularity, Propriety and Value for Money' describes what these concepts mean in a financial context. It also describes the 'Seven Principles of Public Life' to which Accounting Officers should adhere.

Within the framework of the SBA Strategic Plan as approved by the SBA Board, the CEO has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Trust Business Manager but the CEO still retains responsibility for:

- Approving new staff appointments within the authorised establishment, including for any senior staff posts at Senior Leadership Team level which the SBA Board has agreed should be approved by them and in conjunction with the Executive Principal. Approval should be given within the financial constraints of the annual budget.
- Authority to approve disposal of assets with a residual value up to £5,000 at any one time, within an annual amount of £45,000.
- Authorising BACS payments and payment runs in conjunction with authorised signatories.
- (AFH ref point 1.5.19, 2.1.2, 2.1.8)

## 5.5 *The Executive Principal*

The Executive Principal has an important role in ensuring the educational viability and standards of the Academies Trust. Integrated Financial Curriculum Planning is an essential part of the function, ensuring the educational nature and ongoing increase in student numbers of Academies Trust is promoted.

The Executive Principal's main roles and responsibilities include:

- Agreeing and approving with individual The Trust Principals appropriate staffing structures and levels based on an Integrated Curriculum Financial planning approach in line with the educational aims and nature of each The Trust in the Academies Trust
- Overseeing and authorising any agreed capital expenditure in conjunction with the Chief Executive Officer with prior agreement by the Local Advisory Boards
- Authorising contracts of up to £25,000 within the overall life of the contract.
- Working with Principals of each Academy in the Trust to prioritise capital expenditure within the Academies Trust Capital Expenditure guidelines.
- The Executive Principal also ensures compliance and adherence as defined by the Board and in the Trust

## 5.6 The Principals

The Trust Principals have an important role to play in good financial oversight and best practice in managing the school budget in conjunction with the Executive Principal and the Trust Business Manager.

The Principals are responsible for managing the costs of their respective Academy and for bringing the budgets in on target. They are also responsible for ensuring that the budget surplus is achieved and not used in the annual budget.

To this end they are issued with and sign a Letter of Delegation indicating their understanding of this responsibility and the importance of their role in supporting the Trust's Accounting Officer.

Essential to the financial role Principals play in the Multi Academies Trust is ensuring adherence to policies and procedures as defined by the Board and the Trust at School level management of the day-to-day non education operations.

## 5.7 The Trust Business Manager [Chief Financial Officer]

The Trust **must** have a Chief Financial Officer [CFO], appointed by the Trust's Board, who is the Trust's Finance Director, Business Manager or equivalent, to lead on financial matters. The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring budgets and ensuring delivery of timely reporting to external organisation.

The Trust's Finance Staff **must** be appropriately qualified and/or experienced. While a formal accountancy qualification may often serve as a proxy for the necessary skills, experience and personal qualities required for this role, there is no presumption that there will always be a perfect match. The ESFA recognises that many CFOs combine their specific financial responsibilities with a range of other support and leadership responsibilities in which the existence of a formal accountancy qualification may be less relevant.

The CFO need not discharge all of their duties personally. The Trust may decide that its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time [eg when accounts are being prepared].

The CFO [if it is the Trust Business Manager] works in close collaboration with the Accounting Officer [Chief Executive Officer] and is responsible through him/her to the Board.

However, the CFO for the financial years 17-18 onwards at the SBA Trust is the LSBU Financial Controller.

As a result of this, The Trust Business manager is responsible for:

- The day-to-day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- The maintenance of effective systems of internal control..
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust .
- The preparation of monthly management accounts
- Authorising orders up to £10,000
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance
- To ensure the upkeep of Asset Register maintained by the LSBU Financial Accountant
- To review the Insurance cover, propose any necessary changes to the Executive Team and coordinate any insurance claims (2.1.9)

#### 5.8 The Responsible Officer [Appendix 6], Financial Controller and Financial Accountant

Where appointed by the SBA Board, the Responsible Officer [RO] provides Local governors and Trustees with an independent oversight of the Academies Trust's financial affairs. The main duties of the RO are to provide the Board with independent assurance that:

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

The Responsible Officer will undertake as a minimum a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Governing Body. A report of the findings from each visit will be presented to the Finance and Audit Committee.

This role is currently performed by members of the Academies Trust Sponsor, Natalie Ferer (LSBU Financial Controller) and Loretta Audu (LSBU Financial Accountant) in addition to the LSBU Internal Auditors, Price Waterhouse Coopers.

#### 5.9 Schools Finance Manager

The Schools Finance Manager is responsible for:

- Maintaining the Trust's accounting records.
- Monitoring the school's financial position through the year
- Liaising with Budget Holders and providing regular reports.
- Ensuring financial procedures are adhered to at all times.

- Providing the Executive Team with regular financial updates and alerting them to any concerns
- Assisting the Trust Business Manager and the Executive Principal in setting annual budgets with 3-5 year forecasts
- Overseeing compliance to the Academies Trust Finance Policy across its schools in conjunction with the Trust Business Manager
- Preparation of monthly payroll information.
- Managing petty cash where in place
- Assisting with the operation and maintenance of PSF and Parentpay school fund computer accounting systems
- Maintaining sample signature lists..
- Authorising orders up to £3,000
- Ensuring compliance with the AFH across the finance officer function.
- Investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria
- Producing management accounts in accordance with the agreed schedule
- overseeing purchasing and ensuring that it is compliant with the Financial Regulations and Procedures policy
- Providing direct or indirect line management to school based Finance Officers.

## 5.8 Other Staff

Other members of staff, primarily the Finance Team and Budget Holders will have financial responsibilities, and these are detailed below. All staff are responsible for the security of the Trust's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academies Trust's financial procedures.

## 5.9 Finance Officer Roles

Have delegated authority and responsibilities from the SBA Board

- Keep the Petty Cash account and money where agreed and in place
  - Advise budget holders on sources of supply, in order to obtain value for money.
  - Authorised to receive cash and issue receipts and keep cash in the relevant Academ up to insured cash limits
  - Raise Orders in PS Financials in accordance with South Bank Academies Trust Order Forms signed by Authorised Cost Centre Managers.
  - Maintain custody of all paperwork associated with the public accounts which is to be kept for six years.
- 
- Authorised to receipt monies paid in for public and private funds and to hold up to £5,000 cash overnight in the Academy safe.

## 5.10 Budget Holders

Have delegated authority and responsibilities from the SBA Board and Executive Team

- To spend their allocations wisely and by obtaining value for money in accord with the Academies Trust Strategic Plan and the needs of the agreed curriculum. Curriculum Leaders may vire funds between their Cost Centres, except those funds allocated for Curriculum Development which can only be vired with the Principals or Executive Principal's agreement.
- To confirm goods received and that the invoice may be paid.
- To keep a running account of their department balances, so that expenditure is planned and allocations not exceeded.

## 6.0 Financial Planning, Development Plan, Annual Budget and Financial Reporting

- 6.1 The Academies Trust must prepare and monitor financial plans to ensure ongoing financial health. (2.3.2)
- 6.2 The SBA Board **must** approve a balanced budget and any significant changes to the budget for the Financial Year to 31 August, which can draw on unspent funds, brought forward from previous years. The Board **must minute** approval[s]. (2.2.2)
- 6.3 The Accounting Officer of the ESFA is required to provide assurance that the bodies ESFA funds on behalf of the Secretary of State are in sound financial health. For this reason, the Academies Trust **must** submit to the ESFA a copy of the Budget Forecast in a form specified by the ESFA by a date to be notified. (2.2.3)
- 6.4 The SBA Board **must**:
- Ensure good financial management and effective internal controls
  - Comply with the Funding Agreement and the Academies Financial Handbook [2019] (2.4.9)
  - Receive and consider information on financial performance at least three times a year and take appropriate action to ensure ongoing viability.
  - The Chair of the SBA Board receives month end reports as requested.
- 6.5 The Board **must** notify the ESFA within 14 days if it is formally proposing to set a deficit budget for the current financial year, which it is unable to address after funds from previous years are taken into account. (2.2.5)
- 6.6 For educational purposes, the Strategic Plan is drafted by the CEO, Executive Principal and the Trust Business Manager (The SBA Executive Team) and is approved by the SBA Board.
- 6.7 The Annual Budget is drafted by the Executive Principal, the Trust Business Manager in conjunction with the Chief Executive Officer. It is approved by the SBA Board. The Budget Holder is the Executive Principal and the Principals who have delegated budget authority as outline in the relevant Letters of Delegation. The Budget Manager is the Trust Business Manager. A final budget must be submitted to the ESFA by 31 July for the forthcoming Academic/Financial Year. (2.1.10)
- 6.8 The budgeting process will include:
- Forecasts of likely student numbers and the latest estimate of GAG receivable
  - Latest notifications or estimates/calculation of other ESFA/LA funding based on expected levels

- Estimates for other income, based on prior years and known variations
- Use of accumulated surpluses [GAG and unrestricted funds]
- Review of past expenditure performance against budgets, identification of efficiency savings and consideration of known changes [eg pay increases, inflation]
- The pay budget [to be supported by a list of known and planned staff which is fully costed]
- A statement of principal assumptions [highlighting areas of vulnerability and outlining possible remedial actions], should a shortfall arise if the assumptions do not hold. (2.3.3)

## 6.9 Outline for Setting the Budget:

### **Autumn Term**

The Academies Trust Executive Team will discuss outline priorities for budget allocations, which relate to the SBA Strategic Plan. The CEO will seek endorsement of an outline plan by the SBA Board.

### **Spring Term**

If not already accepted by the Board, the outline budget will be agreed.

### **Summer Term**

The Trust Business Manager agrees the full draft budget with the CEO and Executive Principal. This is to include the outline plan agreed by the SB Board and projections based on historical spending and forecast capitation. This annual budget will be presented to the the SBA Board for approval and forwarded to the ESFA via the online portal by the July deadline stipulated by the ESFA.

## 7.0 Internal Financial Monitoring and Control

7.1 The Trust must have in place sound internal control, risk management and assurance processes. (2.3.1)

7.2 The Trust **must** establish a control framework that recognises public expectations about governance, standards and openness.

7.3 The Trust's internal control framework **must** include:

- Coordinating the planning and budgeting processes
- Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
- Preparation of timely monthly management accounts, including income and expenditure reports, cash flow forecasts and balance sheets, as appropriate
- Ensuring that delegated financial authorities are respected
- Effective planning and oversight of any capital projects
- The management and oversight of assets
- The propriety and regularity of financial transactions
- Reducing the risk of fraud or theft
- Ensuring efficiency and value for money in the organisation's activities
- A process for independent checking of financial controls, systems, transactions and risks.



(2.3.3)

- 7.4 Monthly reports will be prepared by the Schools Finance Manager in conjunction with the Trust Business Manager detailing actual expenditure and income against budget for review by the Executive Team and the Audit Committee. (2.3.3)

## **8.0 External Financial Reporting**

- 8.1 Reports to the ESFA are initiated by the Trust Business Manager and submitted for signature by the CEO in the role of Accounting Officer.

- 8.2 At the time of writing the requirement for external reporting is as follows:

### **By 31 July:**

Agreed Budget for forthcoming Academic Year reported to ESFA using ESFA budget forecast spreadsheet. Trust are now required to report a three-year budget with the next academic/financial year being reported in detail with headline figures for the subsequent years (2.2.3)

### **By 31 December** [4 months after the end of the Accounting Year]:

Full audited statutory accounts lodged with the ESFA and with Companies House by 31 May of the following year [9 months after the end of the Accounting Year] (1.4.2), (1.4.3), (1.4.5), (2.2.14), (4.1.1)

### **By 31 January:**

Accounts return consolidation exercise using ESFA spreadsheet template and signed off by External Auditor. Statement of Financial Activity posted on the Academies Trust websites (2.2.3)

- 8.3 Reports to the SBA Board, and the Audit Committee are initiated by the Trust Business Manager, discussed with the Executive Team and presented to the SBA Board and to the Audit Committee. The cycle of meetings allows at least termly reports. (2.1.3)

- 8.4 The School Advisory Boards also receive financial updates at their meeting which take place twice a term.

## **9.0 Delivering Assurance**

- 9.1 The Trust should manage its programme of risk review and checking of financial controls in the way that they deem most appropriate to their circumstances. Options include:

- The appointment of an internal audit service [either in-house, bought in or provided by a sponsor]
- The performance of a supplementary programme of work by the Trust's External Auditor
- The appointment of a non-employed Trustee [formerly called the Responsible Officer] with an appropriate level of qualifications and/or experience to check the Trust's internal controls, who neither charges, nor is paid by the Trust for their work. This appointment is not mandatory but is one way Trusts are able to conduct their internal checks (2.4.9)

- 9.2 A Trust may wish to commission a programme of work that combines the above options. For example, a trustee appointed under the third bullet above to carry out checks can delegate

some of the detailed checking to an external contractor or peer reviewer. The adequacy of the arrangements at each trust will be established as part of the process leading to the Accounting Officer's Annual Statement and, where appropriate, through the self-assessment review of financial management and governance or other review of the governance arrangements.

## 10.0 Cash Management

- 10.1 The Trust should manage its cash position and reconcile bank and control accounts regularly. It is not permitted to go overdrawn or have overdraft facilities. (2.3.2)
- 10.2 The CFO must prepare periodic cash flow forecasts to help ensure that the bank account is not overdrawn and the Trust abides by its contractual obligations to pay on time. Any such forecast produced should reflect:
- Known opening balances
  - Known receipts from the ESFA, LA and other grants
  - Estimates of pay costs including NIC and pension contributions
  - Estimates of routine non-pay expenditure
  - Known/Expected non-routine expenditure
  - Receipts and payments regarding capital schemes
  - VAT
  - Forecast closing balances for the following 12 month end (2.3.2)
- 10.3 In the event that these forecasts identify any potential cash shortfalls, the CFO must notify the Chief Executive Officer and Executive Principal.
- 10.4 The Trust is required to carry out monthly bank reconciliations as a minimum. This is currently performed by the LSBU accountant. However, with access to online banking by the Finance Team, it is recommended this is done daily to provide up-to-date real time information.

## 11.0 Capital Schemes

- 11.1 Capital schemes expose the Trust to substantial risks. Where the expertise required to oversee such schemes is not available from within the Trust, the SBA Board must decide whether to engage external specialists to manage the project on behalf of the Trust. In all cases, the SBA Trust will consult with its sponsors, the LSBU, to draw on its experience, expertise and potential economies of scale in procurement to achieve Value for Money (2.3.3)
- 11.2 If external managers are not appointed, the Trust Business Manager, in consultation with the Executive Team and other relevant suitable qualified or experienced employees, must establish Project Management procedures, in writing, for approval by the Audit Committee. Any such procedures should include the following:
- Plans and planning consents
  - VAT recovery

- Contractor selection and contract structure
- Project timetable with milestones
- Monitoring construction progress and quality assessment
- Payment profile and cash flow management [including VAT]
- Final sign off

## 12.0 Financial Controls

The following control principles will be encouraged and observed to ensure that transactions are properly processed, and errors detected promptly.

### 12.1 Segregation of Duties

The checking of one person's work by another provides a good safeguard against error or manipulation. Effective separation of those duties which would, if combined, enable one individual to record and process a complete transaction. In particular, there is a need to separate the key functions of authorisation, execution, custody, recording and the development and operation of systems. Effective segregation reduces the risk of error or intentional manipulation. (2.3.3)

### 12.2 Documentation of Systems

All operating procedures should be documented. Documentation helps to ensure a degree of formality, consistency and structure, which is essential in financial management procedures. It can aid considerably with continuity in the absence of key staff or during changes of staff. It will also reduce the chance of error, assist in proper and timely accounting and reporting and ensure transactions are accounted for correctly.

Documentation should include:

- *Job Descriptions*  
Setting out clearly the key responsibilities of the job
- *Desk Instructions*  
Giving step by step instructions on the execution of individual tasks and
- *System Procedures*  
Giving step-by-step instructions on the operation of complete systems.

### 12.3 Authorisation and Supervision

Authorisation controls should be in place to certify that a transaction or event is acceptable for further processing. All systems of control should include supervision by responsible

officials of the day-to-day processing of transactions. Supervisory controls should also include regular review of bank reconciliations and income and expenditure trends against budget and previous periods.

## 12.4 Physical Security

All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and cheque books and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the form of back up procedures. All work should be regularly backed up and copy records stored securely.

(2.3.3)

## 12.5 Risk Management

The SBA Audit Committee must agree the main financial risks that the Trust faces and assess the likelihood of occurrence and materiality of each risk. The Risk Register maintained by the Trust Business Manager and school Principals outlines many of the financial risks associated with delegated budgetary control and the Trust's response to those risks. (2.3.6)

## 12.6 New Supplier Set Up

All new accounts that are set up on PS Financial must first be approved by the Schools Finance Manager or the Trust Business Manager using a New Supplier Request form. Due diligence must be applied by checking the new supplier on Companies House with a printout being attached to the request form.

The Trust Admin Officer will keep a central register of New Suppliers that have been set up and approved for audit purposes.

## 12.7 Change of Supplier Bank Details

With ever increasing levels of fraud taking place electronically, Business Support Officers must carry out due diligence when receiving requests for supplier change of bank details. This may take the form of an email request or appear on invoices provided by the supplier. In whatever way the request to change bank details is received, BSOs must call their named, trusted contact at the supplier's organisation. In addition, they must confirm with their named contact by email that the request is genuine.

## 13.0 Payroll

13.1 The Payroll is prepared by Judicium under a contract renewable on an annual basis. The service includes advice on tax, National Insurance, superannuation and redundancy.

13.2 The Trust Business Manager [with the Schools Finance Manager and Trust HR Manager and HR Officer] manages the Payroll and is authorised to make detailed payroll changes consequent to decisions by the relevant Committee and confirmed by the Principals or Executive Principal in writing. All additions or changes to the current structure require a signed Authority to Recruit form (A2R) by the Trust Business Manager and where appropriate the Chief Executive Officer.

- 13.3 All staff are to be paid through the payroll. There are to be no cash payments. Monthly payments are to be reconciled against personnel records by the LSBU. The monthly payroll summary is to be signed by the Principals, Trust Business Manager and the officer who has prepared it. Where required, the Financial Controller will sign on inspection in the form of spot checks in line with such duties.
- 13.4 Individual pay is decided by the appointing Academy Principal within the agreed budget constraints in conjunction with the Trust HR Manager and Executive Principal. The Human Resources Manager and drafts Contracts of Employment. The CEO or Executive Principal authorises all contract changes and can also sign contracts of employment across the Trust. The SBA Board is responsible for the appointment and remuneration of the Executive Principal and the Trust Academy Principals. Vice Principals, Assistant Vice Principals Deputy Principals and Assistant Principals as well the Trust Business Manager roles are appointed with the agreement of the Chief Executive Officer.
- 13.5 All staff will be paid on the 25<sup>th</sup> of the month or on the last working day before that date. Amendments to the Payroll have to be with the Contractor 3 working days before Pay Day. Payments are made by BACS and all those paid receive a pay slip from the Contractor detailing the composition of monthly pay, deductions and net pay.

#### 13.6 Payroll Administration

The Academies Trust Payroll is administered by Judicium. All staff are paid monthly and a master file is created for each employee which records salary, bank account details, taxation status, personal details and any deductions or allowances payable.

Data is exchanged via an online portal which records temporary input and any permanent changes to the Payroll including new starters and leavers. The amendments are processed by the HR Officer supported by the Human Resources Manager and is reviewed and signed off by the Trust Business Manager or the Schools Schools Finance Manager .

The HR Officer in conjunction with the Trust Human Resources Manager completes a monthly staff return which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations. Authorised Staff Returns are stored at the Trust.

All year end submissions to pension's providers and HMRC are produced by Judicium Payroll and checked by the LSBU Accountant and Schools Schools Finance Manager before submission to the relevant authority.

#### 13.7 Payments

After the Payroll has been processed [but before payments are dispatched] a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the ~Trust Business Manager.

The Schools Schools Finance Manager or the LSBU Accountant should prepare a reconciliation between the current month's and the previous month's gross salary payments showing

adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Trust Business Manager or the LSBU Financial Controller.

The Payroll System automatically calculates the deductions due from Payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and checks of these amounts should be prepared by the Schools Schools Finance Manager and authorised for payment by the Trust Business Manager by the due date.

The Trust Business Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the Payroll System is operating correctly. This is currently performed by the Academies Trust Payroll Cross Check spreadsheet prior to authorisation.

After the Payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the Payroll Control Account and to individual Cost Centres. The LSBU Accountant should review the Payroll Control Account each month to ensure the correct amount has been posted from the Payroll System, individual Cost Centres have been correctly updated and to identify any amounts posted to the Suspense Account.

On an annual basis the Schools Schools Finance Manager , Trust Business Manager and HR Department must check for each member of staff that the gross pay per the Payroll System agrees with the Contract of Employment held in personnel files.

## **14.0 Inventories**

14.1 The Academies Trust's Inventory will:

- Form an important part of the Trust's procedures for ensuring that staff take responsibility for the safe custody of assets.
- Enable The Trust Leaders to undertake independent checks on the safe custody of assets, as a deterrent against theft or misuse.
- Help the Academies to manage the effective utilisation of its assets and to plan for their replacement.
- Support insurance claims in the event of fire, theft or other losses.

14.2 Discrepancies between the physical count and the amount recorded in the Inventory will be investigated promptly and where significant, reported to the SBA Board.

## **15.0 Asset Register**

15.1 The register is to be kept by the LSBU Accountant or Trust Schools Finance Manager . The purpose is to promote accountability of publicly funded assets. It is to include ground, buildings and other assets valued in excess of £2,000. Information Technology equipment,

other equipment, furniture, library, text books and stationery stock are to be included, using block headings and average current value, to cope with replacement and short-lived items.

- 15.2 When approving Orders, the LSBU accountant is to note acquisition of relevant items by the relevant Teams. These are to be checked and brought forward to the Asset Register.

## 16.0 Insurance

- 16.1 The Trust has bought into the RPA Insurance scheme operated by the ESFA. The Trust Business Manager is responsible for review of the cover and for initiating necessary changes to the SBA Board and for the coordination of claims.

### 16.2 Summary of insurance Cover Material Damage

The Buildings and Contents are insured against All Risks of loss or damage, including Theft on the premises. This cover includes:

- All buildings of The Academies Trust, including boundary walls and fences to reinstatement value
- Excesses vary for material damage depending on the type of event. As a result, the excess is variable.
- Contents of every description which belong to the The Trust [included in Inventories] or for which individual members of staff have assumed responsibility during their duties in the Academies individual schools
- Excess amounts and insurance limits are detailed are derived from the government document Risk Protection Arrangements (RPS) for The Trust trust: membership rules
- Cultural Assets £10,000 on any one cultural loss; £250,000 any one multiple loss.

This cover does not include motor cycling, racing of any kind other than on foot or air travel other than as a passenger in a licenced passenger carrying aircraft.

### 16.3 Loss of Money and Assault

- Loss of money belonging to the Academies Trust or for which it has accepted responsibility
  - In the course of transit or in a bank night safe [£5,000]
  - On the premises during business hours [0800 – 2200] [£5,000]
  - On the premises in The Trust safe outside business hours [£5,000]
  - In any other circumstance [£250]
- Personal accident cover is included up to £100,000 for assault on or off the premises.

### 16.4 Annual Travel

Covers all the Trust Trips undertaken during the Policy Year. There is no restriction on activities undertaken within the UK, although certain activities are excluded elsewhere in the

world. Skiing is included. Cover applies to all members of a Party and Staff accompanying them.

|                                  |             |
|----------------------------------|-------------|
| Medical and other expenses       | £10,000,000 |
| Loss of baggage/personal effects | £2,000      |
| Death/Serious injury             | £100,000    |
| Permanent total disablement      | £100,000    |

|               |                   |
|---------------|-------------------|
| Loss of Money | £750 per person   |
| Cancellation  | £4,000 per person |

|      |  |  |
|------|--|--|
| 16.5 | Professional Indemnity, Employer's Liability | Unlimited                                |
|      | Third Party Liability                        | Unlimited                                |
|      | Governors' Liability                         | £10 million any one loss in any one year |

## 17.0 The Finance Function in relation to Staffing and Continuing Professional Development

17.1 The appointment of staff should be made with due regard to the qualifications, capabilities or experience commensurate with their duties. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualifications, experience and personal qualities of those involved with financial arrangements are important features of a control system. Consequently, the SBA Board should establish procedures to ensure that:

- Personnel are competent, suitably experienced and trained to perform at a level commensurate with their responsibilities.
- Clear statements of criteria for personnel selection and formal Job Descriptions are maintained.
- The Finance Team's staffing levels are adequate.
- There are effective arrangements to deal with the absence of key financial personnel (Succession Planning)

### 17.2 Training and Professional Development

For those with financial responsibilities, the CEO should keep under review any training needs and opportunities. Training is available through a number of organisations both in relation to general financial principles and procedures and more specifically in relation to the accounting requirements of Academies in the Academies Trust.

### 17.3 Cover Arrangements

In the absence of a key member of staff, arrangements will be made to ensure the effective operation of the finance function and to ensure that financial control is maintained. This will be achieved through a combination of:

- Work shadowing
- Documented financial procedures



- Specified cover responsibilities within Job Descriptions

## **18.0 Computer Systems and Data Protection**

- 18.1 The Board recognises the importance of protecting computerised Financial Management Systems and the data held within them. The Trust Business Manager will ensure that the Trust is registered with the ICO in accordance with the Data Protection Act and that effective backup procedures are in place and that all back-up disks or tapes are stored securely offsite or in a fireproof location.
- 18.2 Access to Academies Trust Management computer systems will be limited to authorised staff. These staff will use passwords that should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties. In addition, staff members are permitted remote access to the school computer system for the purposes of work only. The

Trust's Data Protection policy has been updated to reflect the importance of restricting access to personal computers at home to protect the schools information and data.

## **19.0 Security of Stock and Other Property**

- 19.1 Safes and similar storage facilities [where access is with a key] will be kept locked and keys removed to be held by the key holder who will be nominated by the Principal in each The Academy . Normally key holders will carry keys on their person and keys must not be left on the premises overnight except in another safe. A list of key holders will be maintained by each Academy and a copy of the record will be kept at the Trust. Loss of any keys must be reported to the Trust Business Manager and Principal/Executive Vice Principal.
- 19.2 Combination safes and similar storage facilities will be kept locked and holders of the safe combination will be nominated by the Principal. A list of those who hold any safe combination will be maintained by each Academy and a copy held with the Trust Business Manager.

## **20.0 Retention of Records**

- 20.1 All paperwork associated with the public accounts is to be retained for six years.

## **21.0 Academies Trust Funds**

- 21.1 The Academies Trust Fund will be used to administer income and expenditure in the following areas:
- Educational Visits/Visitors
  - Residential Experiences
  - Fund-raising
  - Charity donations and collections
  - Educational equipment

# SOUTH BANK ACADEMIES

A Multi-Academy Trust



- Donations to the The Trust
- Professional Fees
- Trading Account: Photographs, Sweatshirts etc.
- Hospitality and gratuities

**Duties of Bank Account Signatories**

- 1 **Each cheque/BACS payment should be accompanied by either:**
  - a. The Trust 's Order or Cheque Requisition Form certified by the Budget Holder and in accordance with the Scheme of Delegation  
Or
  - b. The original invoice, certified correct for payment by the Budget Holder.
  
- 2 **The signatories are to verify that:**
  - a. The cheque/BACS payment is supported by the certified documents
  - b. The payee is the same as the invoice name [except for factoring accounts]
  - c. The Bank account number and sort code is the same as the invoice [BACS payments only]
  - d. The amount agrees with the net total of the vouchers
  - e. The cheque/BACS run is correctly dated and produced from the Academies Trust financial software, PS Financials.
  - f. The payment is a correct charge to Public funds, as appropriate
  - g. Documents should be initialled by the first signatory to certify verification
  
- 3 Where used, the cheques are to be returned to the Finance Team who will note the paid invoices with the cheque number and date of payment. Remittance advices and cheques are then despatched and the documentation filed.

**Appendix 2**

**Bank and Charge Card Accounts Authorised at South Bank Academies**

**Academies Trust Level Authorised Accounts**

| <b>Account/Card</b>                                  | <b>Custodian</b>                        | <b>Authorised Bank Account</b>   | <b>Signatories</b>   |
|--|---|--|--|
| All Academies Trust Current Accounts (UAE, UTC, MAT) | Trust Business Manager and Finance Team | Chair of Board, Chief Executive Officer, Executive Principal, Trust Business Manager, Financial Controller | Any 2 or 3 signatories across the Academies Trust in line with the Bank Mandate                          |
| Business Savings Account                             | Trust Business Manager                  | Chief Executive Officer, Executive Principal, Trust Business Manager,                                      | Any 2 or 3 signatories across the Academies Trust in line with the Business Savings Account requirements |
| Business Charge Card                                 | N/A                                     | N/A  | N/A  |

**Academies Trust Level Authorised Accounts**

| <b>Account/Card</b>                | <b>Custodian</b>  | <b>Authorised Bank Account</b>  | <b>Signatories</b>  |
|------------------------------------|---|---|---|
| Individual The Trust Bank Accounts | Trust Business Manager and The Trust Business Support Officer (Posting Payment Runs Only) | Chair of Board, Chief Executive Officer, Executive Principal, Principal, Trust Business Manager, Financial Controller | Any 2 or 3 signatories across the Academies Trust in line with the Bank Mandate |
| Business Charge Card               | Trust Business Manager and The Trust Finance Team   | Principal, Financial Controller, Trust Business Manager   | N/A   |

## Appendix 3

### Financial Authority and Responsibilities for Budget Holders

#### 1 Responsibilities

Authorised Budget Holders have delegated authority from the SBA Board to spend and monitor their budgets. They are responsible for authorising their Orders and certifying subsequent invoices. They are also responsible for checking for any discrepancies or possible mis-postings to their budget. The Business Manager oversees the day-to-day budget processes, cheque payments against certified invoices and Petty Cash reimbursements. The Finance Team maintains a list of recommended suppliers to obtain value for money. The Business Manager is responsible to the Principal for drafting the Annual Budget and subsequent monitoring and reporting of significant deviations from the Plan. S/he is also responsible for the reports that are made to the ESFA and general responsibility for audit and adherence to the framework set out in the The Trust 's Financial Procedures in order to prevent fraud.

#### 2 South Bank Academies Trust is a “Cashless School”

It is against the Trust policy to collect large amounts of money when preparing for Academy visits. All payments from students are collected through the Parentpay portal.

#### 3 Orders

The SBA Board has issued instructions about incurring expenditure, which are to be observed by Budget Holders. They expect suppliers' prices to be compared. Prices are to be obtained from three suppliers for Orders over £3,000. All proposals to spend in excess of £10,000, supported by three written quotes and to minute approval of purchases/contracts before expenditure is made. All Orders for goods or services should be made on PSF or using a relevant School Purchase Order Form. The Budget Holder must sign Orders. The Finance Officer will generally print and despatch orders by the end of each week. It is therefore necessary to plan ahead and give Orders and Petty Cash requests to the Finance Team by Tuesday each week. Orders are not to be made informally by telephone, fax, e-mail or letter. If it is urgent, an Order Form must be completed as soon as possible. Goods and Invoices should always be addressed to the Academy for the attention of the Finance Officer, not to an individual. Delivery Notes should be checked and signed "Correct". All paperwork concerning Orders should be passed to the Finance Officer who will authorise release of deliveries in conjunction with the Site and Premises Team.

Any order that has been delivered to the Academy without a relevant purchase order will automatically be returned to the supplier and a credit note raised.

Budget holders should allow sufficient time for the purchase order to be processed in line with the Academies Financial Handbook 2019, especially with regards to external trips or theatre visits. Last minute orders will not be able to be processed. Under no circumstances are Budget Holders permitted to order goods or services without a purchase order or without consulting the Finance Officer.

#### 4 Invoices

If the correct ordering procedure has been followed, the Finance Officer will receive these. The Budget Holder will be asked to certify on the original or a photocopy of the Invoice that the goods or services have been received and that the charge is correct. All invoices that aren't signed promptly by the Budget Holder when requested will result in a delay to the invoice payment and potentially to acquiring suitable resources with which to teach.

## 5 Budget Monitoring

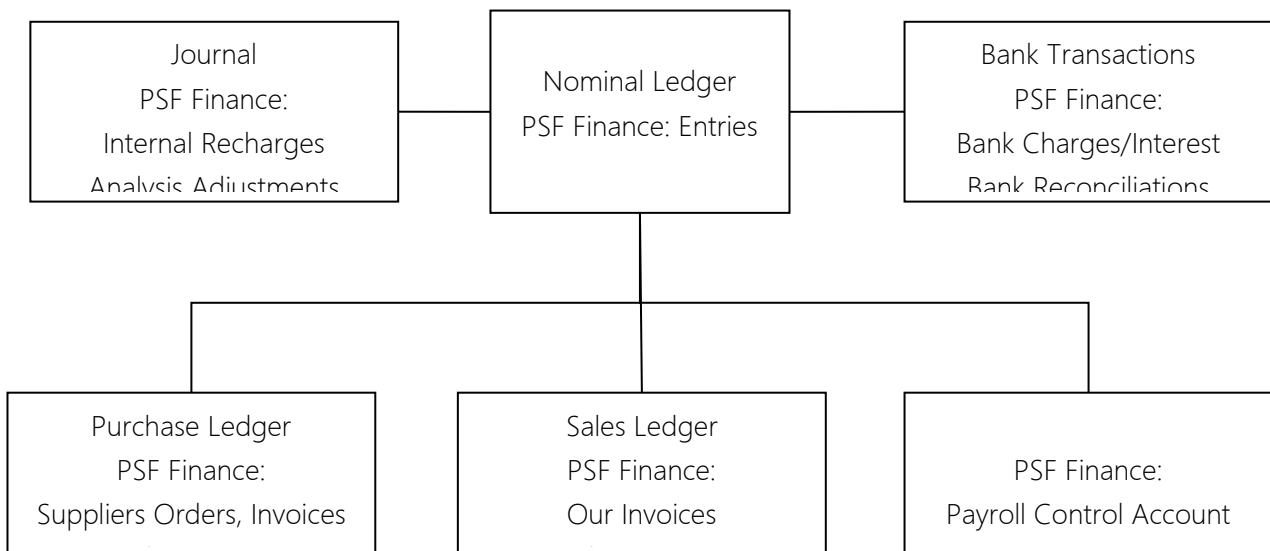
Budget Holders are able to access up to date information through the individual login function of PS Financials Myportal or the procurement package PS Online additional allocations and carry forwards. They should keep a record of these and deduct the cost of orders as they are made. The need for periodic print outs of cost centre transactions is thus provided automatically via the online access via the web portal to “live” Budget Reports.

Photocopying charges are recharged back to individual budget holder’s accounts and is calculated per printing and copying produced. Budget holders will need to take this into account when managing their department budgets or cost centres.

**Appendix 4**

**Accounting System Description**

1. The accounting system, PS Financials, has been purchased to support the move to The Trust Status and is hosted at The Trust and is backed up on a daily basis.
2. It is a full double entry book keeping system with a powerful reporting function tailored to the needs of the The Trust . Access rights restrict who is able to work on the budget and accounts. When the budget has been agreed by the Audit Committee and the SBA Board, the Trust Business Manager allocates it to the major Cost Centres.
3. Some 80% of the budget is spent on pay. After the Board agrees salary scales, these are entered in the Personnel module, this process being necessary to form the pay budget and make the pay commitment in PS Financials. Judicium is our Payroll Contractor and make BACS payments on our behalf.
4. Budget Holders spend the remainder of the budget and the Trust Business Manager monitors the budget from month to month and makes reports to the Executive Team and the Governors.
5. When Orders are placed, invoices approved for payment and BACS payment run executed, the transactions are reflected in all parts of the accounts: Cash Book, The Trust Budget, the Cost Centre Budget and audit trail.
6. Periodic returns are made to the ESFA. These are specially generated reports and based on cost code income and expenditure.
7. All the financial transactions of the The Trust must be recorded on the Finance Module of PSF. The Finance System consists of



## System Access

Entry to the finance package on PS Financials is password restricted. Access to the component parts of the finance package can also be restricted and the Trust Business Manager is responsible for setting access levels for all members of staff using the system.

## Back-Up Procedures

The Trust Business Manager is responsible for ensuring there are effective back up procedures for the system. Incremental updates are backed up remotely each night and rolled up at the end of the month so a full back-up can be mirrored onto tape and held remotely for ten years.

The Trust Business Manager will prepare a disaster recovery plan for loss of accounting facilities or financial data. This will link in with the Board's annual assessment of the major risks to which the SBA Multi Academies Trust is exposed and the systems in place to mitigate those risks.

## Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this Policy. The detailed procedures for the operation of the bank account, payroll, the purchase ledger and the sales ledger are included in the following sections.

## Transaction Reports

The Trust Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports will include:

- Payroll, Purchase Ledger and Sales Ledger Reports
- Management accounts summarising expenditure and income against budget.

## Reconciliations

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

- Sales Ledger Control Account
- Purchase Ledger Control Account
- Payroll Control Account
- Bank Balance per the Nominal Ledger to the Bank Statement,
- Balance Sheet Reconciliation.

The LSBU Financial Controller will review and sign all reconciliations as evidence of this review which will then be checked by the internal audit.



## Journals

Journals are not printed from the accounting system. All journals posted in the system should be:

- Filed in the month-end file
- Reviewed and signed off by the Financial Controller
- Subsequently reviewed by the RO function or internal audit.

## Appendix 5

### Credit, Debit, Purchase and Store Cards

The following arrangements will apply in respect of the use of the The Trust 's credit card.

1. Academies are not permitted to acquire credit in any shape or form and as such a credit card falls under this stipulation.
2. The SBA Board will approve any application for a Corporate Debit Card including who should use the card.
3. Debit Cards should only be used by designated staff and must be kept securely in the safe at all times and must be signed out if taken off site.
4. Debit Cards must not be used for personal use or for withdrawing cash without the express approval of the Chief Executive Officer, Executive Principal, or Trust Business Manager or his nominated representative.
5. Statements must be received at the The Trust and to ensure effective separation of duties will be checked and reconciled by a member of staff other than the staff member issued with the card. Statements will be checked promptly to check if there are any signs of irregular activity. Debit Card Statements are also available online and these will be monitored regularly by the The Trust Business Manager or the Schools Finance Manager .
5. Working securely online, the following guidance should be observed
  - **Anti-virus**  
It is very important to keep your anti-virus product up to date with the latest signature files. [This usually happens automatically in the background with most commercial anti-virus products] and operating system updates from Microsoft. This reduces the likelihood of malicious code or key-logging software running on your PC without your knowledge, transmitting your details to fraudsters across the internet.
  - **Personal Firewall**  
Never go online without ensuring you have your personal firewall enabled. This personal firewall adds a layer of protection to the PC by stopping unknown connections to the PC.
  - **Passwords**  
Never select the remember my password option when registering online as your passwords are then stored on the PC, often in plain text and are the first thing that a fraudster will target.
  - **Spam**  
Never shop from sites that you arrive at from clicking links in unsolicited marketing emails [spam].
  - **Know your Vendor**  
The golden rule of commerce is still the same as it ever was - If the offer looks too good to be true, it probably is!

## Appendix 6

### Responsible Officer

The SBA Board will need to consider how it monitors and checks the operation of the financial management arrangements that have been established and are operated by officers of the The Trust . To assist in this, they should appoint a person who will have specific responsibility for overseeing the financial arrangements on their behalf.

The Responsible Officer [RO] post is intended to provide an independent oversight of the The Trust 's financial affairs. The main duties of the RO are to provide the SBA Board with ongoing independent assurance that:

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

The programme of checks to be performed should be agreed with the Board or Audit Committee, as appropriate. After each checking session the RO should provide the Board or the Audit Committee a written report. The RO should not be a member of the Audit Committee, as s/he may find it necessary to criticise the workings of that Committee. Instead, the RO should report to the Audit Committee in an advisory capacity.

The RO should be a governor [but not the Chairperson] or an appropriately qualified and experienced individual not on the Multi Academies staff and with the necessary financial interest and skills to be able to perform the role competently. A recognised professional qualification is not necessary. However, the person selected must be able to show that the responsibilities being undertaken are fully understood and the importance of the role is fully recognised. The RO should have sufficient understanding to recognise any irregularities that may arise and sufficient authority to ensure they are addressed. The Board should consider carefully who would make the most appropriate RO and if they are unable to appoint an RO who complies with the above, they should seek advice. Alternatively, the Board can engage a firm of auditors to aid the RO function.

The RO will need to be sufficiently familiar with the finances of the Academies Trust to be able to provide the Board and hence indirectly the ESFA and DfE, with the required assurance. The RO is not expected to do any detailed accountancy work but will be required to check some transactions to ensure that the correct procedures have been followed and the general areas for review should cover the following:

- Review that bank reconciliations have been carried out each month, including a review of 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 of 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 DfE 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

- Review all major contracts and ensure formal tendering procedures exist and are being adhered to.

Alternatively, the SBA Board may decide to employ the services of an external financial organisation to fulfil this role.

## Appendix 7

The arrangement covers the main things all academies need:

| Type of risk                            | Limit  |
|---|--|
| Material damage                         | Reinstatement value of the property  |
| Business interruption                   | £10 million any one loss   |
| Employers' liability                    | Unlimited  |
| Third party liability                   | Unlimited  |
| Governors' liability                    | £10 million any one loss and any one membership year   |
| Professional indemnity                  | Unlimited  |
| Employee and third party dishonesty     | £500,000   |
| Money                                   | Various, including cash on premises or in transit £5,000   |
| Personal accident                       | Death and capital benefits £100,000  |
| United Kingdom travel                   | Baggage and money £2,000 per person. Cancellation £1,000 per person  |
| Overseas travel including winter sports | Includes: baggage £2,000 in total per person (inner limits apply), money £750 per person, medical expenses £10,000,000, cancellation £4,000 per person. Check the <a href="#">membership rules</a> for more. |
| Legal expenses                          | £100,000 any one loss and any one membership year  |
| Cultural assets                         | £10,000 on any one cultural asset or £250,000 any one multiple loss  |

## Appendix 8

### Summary of Financial Authorisation Levels

| Delegated Duty                                     | Value   | Delegated Authority   | Method   |
|--|---|---|--|
| Ordering goods and services (raising requisitions) | Up to £3, 000   | Budget Holders  | PSF PO system<br>Manual POs  |
| Ordering goods and services (raising POs)          | Up to £3,000  | Budget Holders  | Trust Business Manager to ensure best value demonstrated. Selection from preferred supplier lists.                             |
| Ordering goods and services (raising POs)          | Up to £5,000  | Vice Principals/Assistant Vice Principals                               | Provided it can be contained within the overall annual budget  |
| Ordering goods and services (raising POs)          | Up to £10, 000  | Principal   | Formal tendering process over £10,000  |
| Ordering goods and services (raising POs)          | Up to £25,000   | Trust Business Manager  | With 3 quotes when value is above £10,000 and provided it can be contained within the overall annual budget                    |
| Ordering goods and services (raising POs)          | Up to £25,000   | Executive Principal   | With 3 quotes when value is above £10,000 and provided it can be contained within the overall annual budget                    |
| Ordering goods and services (raising POs)          | £40,000 - £100,000  | Chief Executive Officer   | Formal tendering process over £40,000 in line with the Academies Financial Handbook  |
| Ordering goods and services (raising POs)          | Over £100,001   | Full SBA Board  | Formal tendering process, including advertising in OJEU [if over the OJEU threshold] procurement on recommendations of the CEO |
|  | Authority to accept other than best value quotation or tender | Executive Principal, Chief Executive Officer and Trust Business Manager | With notification to the SBA Board with minuted reasons  |



|   |   |  |  |
|---|---|--|--|
|   |   |  |  |
| Signatories for BACS payments and other bank transfers    | Any   | Two signatories from: <ul style="list-style-type: none"> <li>Chief Executive Officer</li> <li>Executive Principal</li> <li>Trust Business Manager</li> <li>Principals</li> </ul>                                     |  |
| Signatories for ESFA grant claims and ESFA returns        | Any   | Two signatories from: <ul style="list-style-type: none"> <li>Chief Executive Officer (Accounting Officer)</li> <li>Executive Principal</li> <li>Trust Business Manager</li> <li>LSBU Financial Accountant</li> </ul> |  |
| Raising Invoices to collect income                        | Up to £3,000                                  | Schools Finance Manager  |  |
|   | Up £3,000 Letting invoices                    | Site Manager   | With Vice Principal/Principal Approval |
|   | Up to £25,000                                 | As above plus Executive Principal and/or Trust Business Manager  | Depending on category of spend         |
| Virement of budget provision between budget heads         | Up to £25,000                                 | Executive Principal, Principal and Trust Business Manager  | Reported to CEO and Audit Committee    |
|   | Above £25,000                                 | Chief Executive Officer  | Reported to SBA Board                  |
| Write off of Bad Debts/Losses/Disposal of Assets          | Up to £5,000 per transaction                  | Executive Principal/Trust Business Manager   | Notification to CEO                    |
|   | Over £5,000 and up to £45,000 per transaction | As above plus SBA Board  |  |
|   | Over £45,000                                  | ESFA/Secretary of State  |  |
| Borrowing   | Any   | ESFA approval required   |  |
| Leases other than operating leases                        | Any   | ESFA approval required   |  |
| Purchase or sale of any freehold property                 | Any   | ESFA approval required   |  |
| Granting or take up of any leasehold or tenancy agreement | Any   | ESFA approval required   |  |



|   |     |                                 |  |
|---|-----|---------------------------------|--|
| exceeding three years                   |     |                                 |  |
| Staff Severance payment or compensation | Any | Follow ESFA guidance and limits |  |



## Appendix 9

### Segregation of Duties

| INDIVIDUAL                                       | TASK   | ACTION  |
|--|--|---|
| <b>Budget Holder</b>                             | Creates Purchase Order for required goods or services  | Submits electronically or on manual Purchase Order form for the Principal to authorise          |
| <b>Principal</b>                                 | Authorisation  | Signs Purchase Order form or authorises electronically  |
| <b>Business Support Officer</b>                  | Purchase Order Processing  | Order the goods or services in line with agreed Budget Holder authorisation limits.             |
| <b>Budget Holder</b>                             | Checking delivery  | Marks off signs Delivery Note or delivery documentation when delivered by the Premises Team     |
| <b>Budget Holder</b>                             | Authorisation of Requisitions  | Authorises and signs Purchase Order   |
|  | Approval of invoices for payment   | Completes and signs invoice   |
| <b>Budget Holder Nominated Second</b>            | Checking delivery  | Marks off Delivery Note if supplied and signs for delivery on the Premises Team Delivery sheet  |
| <b>Site and Premises Officers</b>                | Internal delivery  | To Budget Holder  |
| <b>Business Support Officer</b>                  | Sending PO to supplier to order goods or services  | Uses PSF to process orders  |
|  | Paying of invoices   | Checks certification form, authorises and processes payment                                     |
|  | Preparation of BACS payment lists using PSF Software. No direct posting of payment runs to the Bank account is permitted | Arranges signing/payment  |
|  | Remittance Advices   | Processes remittance advices for suppliers to ensure correct account allocation and maintenance |
|  | Reconciliation with supplier accounts  | Reconciles against supplier statement regularly on a minimum monthly basis                      |
|  | Petty Cash   | Makes payments and keeps records  |
|  | Monitoring of Budget Holder Reports in conjunction with the Trust Schools Finance Manager and the Principal              | Reports available via the Principal and via PSF myportal for budget holders.                    |
| <b>Schools Finance Manager / LSBU Accountant</b> | VAT claim  | Completes   |
| <b>Business Support Officers</b>                 |  |   |
|  |  |   |
| <b>Trust Business Manager</b>                    | Preparation of Budgets   | To relevant Board or Committee for approval   |
|  | Preparation of Monthly Reviews   | Spot checks   |

|                            |                        |  |
|----------------------------|------------------------|--|
|                            | Control of Returns     | Signs off  |
|                            | Preparation of Reports | Presents reports to Audit Committee, SBA Board and ESFA as requested or required |
|                            | VAT claim              | checks/ submits to HMRC  |
|                            | Bank reconciliation    | Checks and countersigns  |
|                            | Petty Cash             | Spot checks  |
| <b>RESPONSIBLE OFFICER</b> | Monitoring             | List as specified by Financial Academies Handbook                                |

## Appendix 10

### Capital Expenditure – Equipment

#### Procurement Process for Capital Equipment Projects

##### Introduction

The aim of this appendix is to outline the procurement process to follow for all schools in the South Bank Academies Trust. It outlines the reasoning behind each step in the process, and a document checklist for every item of capital equipment

There are exceptions to some stages of the process. These will be highlighted in grey.

##### Planning Stage

Before any of the steps in the procurement process are followed, the Executive Principal (EP) Chief Executive Officer (CEO) and the Trust Business Manager (TBM) will hold a planning and scope meeting. Members of staff who will be managing the operations such as Principals, Vice Principals, and Site and Operations Managers may also be present.

The aim of the meeting is to decide what items need purchasing, why and how it will help the school and to produce a specification or requirement list.

If the items on the list are to be reimbursed by the ESFA, then it is imperative that the equipment and procurement process meets the relevant guidelines; the Capital Claims funding guidelines and the Academies Financial Handbook. Capital Claims are made in the name of South Bank Academies.

A Request For Tender (RFQ) document will be agreed upon for low – medium spend. This document details specification and expectations of the Trust and its Schools along with scoring criteria and the outcome of the bidding suppliers. The aim of this section is to provide an even-handed and transparent approach to the procurement of large capital equipment or other items. Once the list of equipment/furniture/IT is confirmed that it matches guidelines, then the procurement process can take place.

Planning Stage Summary:

- a) Discussions and decisions on what items the money will be used for.
- b) Agreement of general selection criteria
- c) Confirm list of items meets ESFA guidelines and Academies Financial Handbook 2019 requirements.

## Stage 1 – Obtaining quotes or bids

On completion of the Planning Stage, the next step is to obtain relevant quotations or bids, which are needed for every purchase over £10,000. It is important to make sure that the Trust and its representatives are achieving value for money, therefore a robust documentation needs to be created and used as a template for all procurement.

In the Government's guidelines for School Procurement (<https://www.gov.uk/guidance/buying-for-schools>) states the thresholds for buying capital expenditure equipment or items:

Under £10K – Low  
£10K - £40K – Medium  
Over £40K – High

### *Low – Medium Expenditure*

If an item is low-medium cost it will need to follow the following process:

- a) Obtain quotations from at least 3 different suppliers
- b) Do this by completing the Request For Quotation (RFQ) form which states our specifications, requirements, expectations and scoring criteria, and will mark the bids according to the set scoring criteria for that project.
- c) Requests sent out with all the requirements and scoring criteria visible to potential suppliers.
- d) Select the supplier that offers best value for money which should be the supplier with the highest score.
- e) Reasons for selecting the supplier must be summarised on the RFQ.
- f) The RFQ must be signed and authorised by the Trust Business Manager and the Executive Principal. The Chief Executive Officer may also be required to authorise this document depending on the authorisation limits stated in the South Bank Academies Trust Financial Regulations and Policy Document and the Scheme of Delegation.
- g) Contact all suppliers to let them know the outcome.

For more detail read the following Government Guidelines:

<https://www.gov.uk/guidance/buying-for-schools/buying-low-to-medium-cost-things>

### *High Cost Expenditure (below EU OJEU) Threshold:*

The threshold for most goods and services the EU threshold is **£164,176**. However for some education-specific services it may be subject to a threshold of **£589,148**. ESFA recommend getting legal advice at this stage.

This will go to a tender process. LSBU Procurement Team will support us in the tender process, offering their expertise.

The process can be found here:

<https://www.gov.uk/guidance/buying-for-schools/buying-high-value-things-under-the-eu-procurement-threshold>

### *High Cost Expenditure, above EU Threshold*

This must also go out to tender, but will need to be published in the Official Journal of the European Union (OJEU). ESFA recommend getting legal advice at this stage. LSBU Procurement Team will support us in the tender process, offering their expertise. More details can be found on the process here:

<https://www.gov.uk/guidance/buying-for-schools/buying-things-that-are-over-the-eu-procurement-threshold>

If the item(s) that you are wishing to purchase for the school are specialist equipment and only 1 or 2 suppliers are able to supply or make the item, confirmation must be provided to explain why. The correspondence must be dated and signed by the person who requisitioned the equipment in addition to the Executive Principal. This must then be matched with the quotations, Purchase Order and any other documents.

## Step 2 – Purchase Orders

Once the quotations and bids have been selected the winning quote/bid for best value for money, a Purchase Order (PO) must be completed before ordering the item.

The Executive Principal/CEO and the Trust Business Manager where relevant must also sign the PO. The PO is then sent to the successful supplier who must put the PO on their invoice when it is supplied. The PO must be supplied from the accounting system and then is matched up to the subsequent invoice.

## Step 3 – Invoices and Delivery Notes

On receipt of the equipment from the supplier of the item a delivery note must be requested and processed to verify delivery. If one is not received this must be requested from the supplier.

All delivery notes need to be signed and dated by the person that receives the item and must indicate in what condition it was received. Ensure that all items on the PO have been delivered or received.

Once you have the invoice(s), these must also to be signed by the Exec Principal/CEO and the Trust Business Manager after matching it up to the PO and delivery note.

## Step 4 – Capital Claims Processing; who, what, when.

Once all the items and equipment are signed and accounted for, the paperwork must be sent in a timely manner to the Administration Officer at South Bank Academies Trust head office, Sarah Kuria. Her email is [kurias@lsbu.ac.uk](mailto:kurias@lsbu.ac.uk)

All the documentation is required in order to process payment for the supplier, and also to claim the expenditure and costs from the ESFA.

Supplier payments may be delayed if any of the items on the checklist below have been missed, or are not signed and dated as required in this process.

The checklist must be placed on the top of the pack, signed and dated when all of the above documentation has been obtained and put within the pack.

## SUMMARY

In order to ensure compliance with the ESFA Capital Claims process and the stipulations of the Academies Financial Handbook, this process must be followed at every stage of procurement. Compliance with Year-end accounting and audit process will also be assured.

Appendix 11 is a checklist summarising the documentation, and in which order it is required, in order to process the capital claim from head office. This is to be placed on top of the documentation that is being forwarded to Trust head office.

**Appendix 11**

**South Bank Academies Procurement**

**Document Checklist**

This checklist is to go as a cover sheet for all of the documents required below

| <b>Document Order</b> | <b>Document Description</b>  | <b>Included in Pack</b>  | <b>Signed by Exec Principal/CEO</b> | <b>Signed by TBM</b>     |
|-----------------------|--|--------------------------|-------------------------------------|--------------------------|
| <b>1</b>              | A completed Request For Quotations (RFQ) form  | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>2</b>              | A copy of correspondence with potential suppliers to give them the RFQ specifications and scoring criteria | <input type="checkbox"/> | N/A                                 | N/A                      |
| <b>3</b>              | The bids received from suppliers   | <input type="checkbox"/> | N/A                                 | N/A                      |
| <b>4</b>              | Outcome communications to and from suppliers   | <input type="checkbox"/> | N/A                                 | N/A                      |
| <b>5</b>              | Confirmation emails from Exec Principal/CEO  | <input type="checkbox"/> | N/A                                 | N/A                      |
| <b>6</b>              | Purchase Order   | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>7</b>              | Delivery Note  | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>8</b>              | Invoice  | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>9</b>              | Completed document checklist, signed and dated by the person collecting the documentation                  | <input type="checkbox"/> | N/A                                 | N/A                      |

Appendix 12 South Bank Academies Board Terms of Reference

## Appendix 13 South Bank Academies Audit Committee Terms of Reference

### **Audit committee Terms of reference**

#### **1. Constitution**

- 1.1 The Board of Directors has established a committee of the Board known as the Audit Committee.

#### **2. Membership**

- 2.1 The Audit Committee and its chair shall be appointed by the Board, from among its own members, and must consist of members with no executive responsibility for the management of the institution.
- 2.2 There shall be no fewer than three members; a quorum shall be at least two members.
- 2.3 The chair of the Board should not be a member of the committee.
- 2.5 At least one member should have recent relevant experience in finance, accounting or auditing
- 2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

#### **3. Attendance at meetings**

- 3.1 The chief executive, head of finance (or equivalent), the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed.

#### **4. Frequency of meetings**

- 4.1 The committee will meet as often as is necessary to fulfil its responsibilities. The external auditors or head of internal audit may request a meeting if they consider it necessary.

#### **5. Secretary**

- 5.1 The secretary to the Audit Committee will be the Company Secretary or other appropriate person nominated by the Company Secretary.

#### **6. Duties**

- 6.1 Financial Reporting

- 6.1.1 To review and where necessary to challenge the actions and judgements of Trust and School Governance and Management in relation to financial reporting, accounting policies and practices, budgets, unusual transactions, disclosures, adjustments resulting from audits and compliance with Statutory Duties.

## 6.2 Internal Control and Risk Management

6.2.1 To monitor and review the integrity of the company's internal financial controls, including procedures to detect and prevent fraud and impropriety and those to identify, assess and manage risk.

## 6.3 Internal Audit

6.3.1 To direct the Responsible Officer(s) in conducting internal audits within each of the company's Schools three times per year and to receive reports based upon these exercises; to ensure findings are shared with appropriate Trustees, Governors and Staff and to review and monitor Governance and Management's response to findings.

## 6.4 External Audit

6.4.1 To recommend the appointment, re-appointment or removal of the external auditor and oversee the company's relations with them; to approve the terms of engagement and remuneration to be paid to the external auditor.

6.4.2 To discuss with the external auditor, before the audit commences, the nature and scope of the audit

6.4.3 To review with the external auditor the findings of their work, including any major issues arising and their resolution, key accounting judgements and levels of errors identified during the audit.

6.4.4 To assess the effectiveness of the audit process at the end of its cycle

6.4.5 To ensure the external auditor's objectivity is not impaired through their delivery of any non-audit services.

## 7. Reporting procedures

7.1 The minutes (or a report) of meetings of the Audit Committee will be circulated to all members of the Board.



## Financial Scheme of Delegation

**Sept 2019**  
**Review Date Sept 2020**

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## Financial Authorities and Expenditure Procedures

### 1.0 Authorisation Limits for Financial Transactions

Authorisation limits are set to ensure sound financial management is behind every transaction and are there to protect public funds and to show the Academies Trust is managing these funds in line with the Academies Financial Handbook 2018. The intention in setting limits is also to protect the individual Academy's budget holders.

The limits below apply to single item purchases or multi-item purchases. Splitting of invoices to circumvent authorisation limits is a contravention of the Academies Financial Handbook 2018.

- *Purchases up to £3,000*  
Budget Holder's authority – provided it can be contained within 80% of the Cost Centre revenue budget
- *Purchases between £3,000 and £5,000*  
Budget Holder's authority – 3 quotations must be obtained to prove value for money and be attached to the purchase order.
- *Purchases over £5,000 up to £10,000:*  
Budget Holders are to obtain three written quotations, which are to be attached to the Order and to be approved by the Vice Principals or Assistant Vice-Principals provided it can be contained within the overall annual budget with the Principal's approval
- *Purchases over £10,000 up to £15,000:*  
Amounts up to £15,000 for Cost Centre expenditure require the Principal's authorisation provided it can be contained within the overall annual budget.
- *Purchases up to £25,000*  
Purchases up to £25,000 require the approval of the SBA Trust Executive Principal provided it can be contained within the overall annual budget.
- *Purchases over £25,000 up to £100,000*  
Purchase must be approved by the Chief Executive Officer.  
For procurement above £40,000 and between £100,000 a formal tender process must take place. The CEO and Executive Principal and to approve in conjunction with the Trust Business Manager
- Any decision with the reason outlining for not tendering a purchase in excess of £40,000 and up to £100,000 must be pre-approved by the CEO. Any decision to not tender for services or capital expenditure above £100,000 must be approved by the SBA Board
- The Multiple Contract Rule as a cumulative does not apply when works are needed to confirm to Health and Safety, Fire or Building Regulations and stationary purchases

This instruction includes both Capital and Revenue Expenditure. Capital items are defined in paragraph 6 of this Annex. For each Academic Year the Academy will have an agreed Capital Budget and agreed Revenue Budget.

## 2.0 Authority to Approve Revenue Expenditure

All authorisation limits are subject to amounts outlined below for entire spend for single item purchases. For contract purchases or operational leases the authorisation limits apply over lifetime of the contract not the individual annual amount payable.

The authorisation limits below apply to all Goods and Services, excluding the engagement, and employment of, Teaching and Support staff, Staff Training, Travel and Subsistence, which are dealt with below.

|          |   |  |
|----------|---|--|
|          |   |  |
| <b>a</b> | <b>SBA Board</b>                                  | Above £100,000   |
| <b>b</b> | <b>Chief Executive Officer</b>                    | up to £100,000 provided it can be contained within overall annual budget                                 |
| <b>c</b> | <b>Executive Principal</b>                        | Up to £25,000 provided it can be contained within the overall annual budget                              |
| <b>d</b> | <b>Trust Business Manager</b>                     | Up to £25,000 provided it can be contained within the overall annual budget                              |
| <b>e</b> | <b>School Principal</b>                           | Up to £10,000 provided it can be contained within the overall annual budget                              |
| <b>f</b> | <b>Vice Principals, Assistant Vice Principals</b> | Up to £5,000 provided it can be contained within the overall annual budget with the Principal's approval |
| <b>g</b> | <b>Authorised Budget Holders</b>                  | Up to £5,000 provided it can be contained within 80% of the Cost Centre revenue budget                   |

Notes

1. Only the authorised Budget Holders may authorise a Trust School Purchase Order Form.
2. Petty cash is a sub-account of the Academies Trust Budget and may be used as authorised by Budget Holders, the School Business Manager, SLT for minor purchases. Currently the Trust does not operate any imprest accounts
3. Items should only be ordered from approved suppliers, as advised by the Business Support Officer. The basis of approval should be value for money including reliability of supply and delivery.
4. New suppliers for one off and repeat purchases must be authorised by the Trust Business Manager prior to setting up on PSF. Due diligence must also be done.
5. Items should be ordered via a requisition or purchase order; generally the only non-order invoices received should be for utilities and other periodic billings on the Cost Centres as described in the SBA Academies Trust Financial Procedures and Policy. Non-order invoices are to be certified by the authorised Cost Centre Manager before payment.

**3.0 Authority for the Engagement and Payment of Staff - Teaching and Non-Teaching**

|          |   |   |
|----------|---|---|
| <b>a</b> | <b>SBA Board</b>                          | Unlimited   |
| <b>b</b> | <b>Chief Executive Officer</b>            | All Senior Appointments in the Trust and its Schools.<br>All additional appointments outside of the agreed annual staffing structure                      |
| <b>c</b> | <b>Trust Business Manager</b>             | Authority to agree all appointments that are replacement positions for the current staffing structure in each school without the need for CEO's approval. |
| <b>d</b> | <b>Principal with Executive Principal</b> | Within the agreed annual payroll budget as approved by the Executive Principal and Chief Executive Officer  |

- All changes to the salaries of the Executive Principal and Principals, following prior approval by the Chief Executive Officer, must be approved by the SBA Board

- Vice-Principals and Assistant Vice-Principals annual step increase is submitted by the Principals and must be approved by the Executive Principal and the Chief Executive Officer
- Any changes to the Trust Business Managers salary must be approved by the Chief Executive Officer to whom the role reports and the SBA Board
- All School level appointments must be requested for approval by the Trust

#### 4.0 Authority to Approve Staff Training

|   |  |
|---|--|
| <b>Assistant Vice Principal responsible for CPD and the Support Staff</b> | Expenditure within the agreed annual CPD Budget with the completion and authorisation of the CPD request form. |
|---|--|

- All Continuous Professional Development must be approved prior to booking by the Business Support Officer. Details are to be submitted on the relevant CPD form and signed by the Line Manager prior to submission to the responsible authority. CPD that is booked directly without prior approval will not be honoured.

#### 5.0 Authority to Certify Travelling and Subsistence Claims

Travelling expenses will be paid at the Inland Revenue approved rate of 45p per mile and approved and authorised as follows:

|          | <b>Claimant</b>                 | <b>Authoriser</b>  |
|----------|---------------------------------|--|
| <b>a</b> | <b>Executive Principal</b>      | Trust Business Manager and/or Chief Executive Officer    |
| <b>b</b> | <b>Trust Business Manager</b>   | Chief Executive Officer                                  |
| <b>c</b> | <b>Principal</b>                | Executive Principal or Trust Business Manager            |
| <b>d</b> | <b>Vice Principal</b>           | Principal, Executive Principal or Trust Business Manager |
| <b>e</b> | <b>Assistant Vice Principal</b> | Principal, Executive Principal or Trust Business Manager |
| <b>f</b> | <b>All Other Staff</b>          | Principal, Vice Principal, Assistant Vice Principal      |

## 6.0 Authority to Approve Capital Expenditure

|          |  |   |
|----------|--|---|
| <b>a</b> | <b>SBA Board</b>                       | Unlimited   |
| <b>b</b> | <b>Chief Executive Officer</b>         | Up to £100,000 provided it can be contained within the annual capital budget or approved capital programme  |
| <b>c</b> | <b>Executive Principal</b>             | Up to £10,000 provided it is agreed with the CEO.   |
| <b>d</b> | <b>Principal</b>                       | Items within the annual capital budget (Devolved Formula Capital Grant) or pre-approved capital programme within previously specified and agreed limits |
| <b>e</b> | <b>Other Authorised Budget Holders</b> | Individual items up to £500, provided the amount can be contained within the Budget Holder's agreed capital programme                                   |

## 7.0 Definition of Capital Expenditure:

The SBA Funding agreement with the Secretary of State for Education defines capital expenditure as:

Expenditure on, or in connection with:

- a. The acquisition, reclamation, improvement or laying out of any land
  - b. The acquisition, construction, enlargement, improvement, repair or demolition of any building, wall, fence or other structure, or any playground or other hard standing
- c. The laying out of playing fields and other facilities for social activities and physical recreation

- d. The provision of any furniture, plant, machinery, apparatus, vehicles and equipment, used or intended to be used for the purposes of the Academy.

## 8.0 Authority to Approve Disposal of Assets

| Asset  | Authority   |
|--|---|
| Land   | All disposals of land will be made in accordance with the relevant clauses of the Funding Agreement and the Charities Act of 2011 |
| Assets with residual value up to £5,000        | Trust Business Manager  |
| Assets with residual value in excess of £5,000 | Chief Executive Officer in conjunction with the SBA Board   |

Disposal authority is restricted to Trust assets.

## 9.0 Authority to Approve Write-Offs and Entering into Liabilities

The Academies Trust **must** obtain the ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- Writing off debts, losses and any uncollected fines (3.6 - AFH)
- Entering into guarantees, letters of comfort or indemnities

The delegated limits are:

- 1% of total annual income or £45,000 [whichever is smaller] per single transaction
- Cumulatively, 2.5% of total annual income in any one Financial Year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts and
- Cumulatively, 5% of total annual income in any one Financial Year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two Financial Years.

In relation to these limits:



- The Trust should always pursue recovery of overpayments, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled
- The Trust should only consider writing off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect
- recovery from the debtor, the Trust’s insurers, or the risk protection arrangements and should be satisfied that there is no feasible alternative
- The amounts for write offs are before any successful claims from an insurer or the risk protection arrangements and
- Total annual income is defined as grant income as disclosed in the Trust’s last set of audited accounts. The ESFA should be contacted if the Trust has not yet published their first set of audited accounts.  
(3.6.3 - AFH)

Before accepting any liabilities by issuing specific guarantees, providing a letter of comfort or providing indemnities, the Trust should appraise the proposal by performing an assessment of the costs and benefits of relevant options using an appropriate method, in order to secure value for money. The Trust must ensure that the value of any liability is within its delegated authority to commit.  
(3.6.4 - AFH)

## 10.0 Authority to Certify Invoices for Payment

|                                  |   |
|----------------------------------|---|
| <b>Authorised Budget Holders</b> | Invoices related to orders and commitments previously certified by the Budget Holder up to authorisation limits |
|----------------------------------|---|

## 11.0 Authority to Raise Cheques/BACS Payments

- The Business Support Officer
- The Finance Manager [in the absence of the Trust Business Manager]

11.1 Payments are only to be raised against a certified invoice or Petty Cash requisition signed by an authorised Budget Holder or against the signed authority of the Principal or Trust Business Manager.

### 11.2 Custody

The Business Support Officer has custody of the cheque books, which are to be kept in secure storage in the Academy’s safe. The Finance Manager is to keep separately a record of the numerical sequence of the cheques supplied by the bank and the actual cancelled/spoilt cheques. The Finance Manager is responsible for accounting and reconciliation of the bank accounts with the cash book. The Order Form to replenish cheques is to be kept by the Trust Business Manager or the Primary Administrator, who is to authorise re-ordering.

## 12.0 Authority to Authorise Payments

12.1 Cheques/BACS payments are to be signed by two signatories from the following those signatories on the Academies Trust Bank Mandate.

Currently for the Trust these are, The Chief Executive Officer, The Executive Principal, The Trust Business Manager, each individual academy Principal; for the Trust sponsors, LSBU this is the Financial Controller or the LSBU Chief Financial Officer.

The Finance Manager with the approval of the Trust Business Manager is authorised to make transfers of money between bank accounts approved by the SBA Board in order to optimise cash flow.

12.2 Authority to use Charge Card for payments in each of the academies  
The Business Support Officers are able to order items using the charge card for department budget holders following pre-approval from the Card Holder. This is usually the Principal. The normal procurement process must be observed while the BSO must complete and update a Charge Card

12.3 Authority to Sign Expenses  
Across the Trust Schools the Principal or Vice-Principal is authorised to sign expenses up to £150.00. All other purchases must follow the Trust's procurement processes.

## 13.0 Authority to Receive Cash

Every attempt will be made to encourage students and parents/carers to pay online [using Parentpay] for trips, examination resits and Academy meals.

Where cash is received, eg on Mufti Days, the following responsibilities will apply:

|          |                                |   |
|----------|--------------------------------|---|
| <b>a</b> | <b>Schools Finance Officer</b> | Coordinates the banking of all monies received in the Academy. The Trust Receipts are to be issued to all persons paying in any money, unless on a Academy Trip Form, Class Paying In Form or completed Bank Credit Form is available. The Trust expects all payment to be made using the Parentpay facility. |
|----------|--------------------------------|---|

|  |  |   |
|--|--|---|
|  | <p><b>b SLT with oversight of Curriculum, Educational Visits, Trips and Mufti Days</b></p> | <p>Academy receipts are to be issued for any money paid in for Academy Visits and Trips, Music Tuition and from staff [against individual bills and Class Paying In Lists]<br/>The Trust expects all payment to be made using the Parentpay facility.</p> |
|--|--|---|

Academy Trips and Educational Visits should be run at cost price. Parents/Carers should be told if a significant profit results, so that refunds can be made. A record is to be kept by the organiser of amounts paid in and the date. An Academy Receipt should be obtained when cash is handed over to one of the Finance Team.

#### 14.0 Authority to Open and Vary the Approved Bank Accounts

The SBA Board:

- The bank accounts approved by the SBA Board for Public and Non-Public funds are in Appendix 3. The Financial Controller with the Trust Business Manager is to ensure that the Bank Accounts are not overdrawn.
- The appointment of auditors for all funds is to be approved by the SBA Board. Reports are presented to the SBA Board and the Audit Committee by the auditors during the Autumn Term.

#### 15.0 Authority to Borrow

In line with its Funding Agreement, the Academies Trust **must** seek the ESFA's prior approval for borrowing [including finance leases and overdraft facilities] from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies and regardless of the interest rate chargeable. Credit cards must only be used for business [not personal] expenditure and balances cleared before interest accrues.

The Secretary of State's general position is that Academy Trusts will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. For example, the Salix Scheme, designed to support energy saving, is available to Trusts.]

Specific ESFA approval is required for:

- Any guarantees, indemnities and letters of comfort entered into

- Write off of debts or liabilities owed to the Academy over a specified value as set out in the annual funding letter issued by the DfE
- Any ex-gratia payments
- Any freehold sales or purchases
- The grant or take up of any leasehold or tenancy agreement for more than 7 years.
- Any Third Party Transactions that exceed £22,000 (3.3.4 - AFH)

## **16.0 Tendering – Overview and Limits**

The Trust will follow the detailed guidance within the Academies Financial Handbook as they relate to tendering and form of tender.

All goods/services with a value over £10,000 or for a series of contracts which in total exceed £40,000 must be subject to the AFH guidelines

A formal tendering procedures for items or services over £40,000 or the OJEU limit of £118,133, including, where appropriate, advertising in the Official Journal of the European Union for supplies that may fall under EU procurement rules. (3.1.1 and 3.1.3 - AFH)

## Appendix A

Capital Expenditure – Extract from the SBA Funding Agreement.

“Capital Expenditure means expenditure on

- a) acquiring land and buildings;
- b) erecting, enlarging, improving or demolishing any building including fixed plant, installation, wall fence or other structure or any playground or hard standing;
- c) installing electrical, mechanical or other services other than necessary repairs and maintenance due to normal wear and tear;
- d) buying vehicles
- e) installing and equipping premises with furnishings and equipment, other than necessary repairs and maintenance due to normal wear and tear;
- f) installing and equipping premises with computers, networking for computers, operating software and ICT equipment, other than necessary updates or repairs and maintenance due to normal wear and tear;
- g) providing and equipping premises including playing fields and other facilities for social activities and physical recreation other than necessary repairs and maintenance due to normal wear and tear;
- h) works of a permanent character other than the purchases or replacement of minor day-to-day items;
- i) any major repairs or replacements which are specified as capital expenditure in any grant letter relating to them;
- j) such other items (whether like or unlike any of the foregoing) of a substantial or enduring nature which the Secretary of State agrees are capital expenditure for the purposes of this Agreement;

- k) professional fees properly and reasonably incurred in connection with the provision of any of the above;
- l) VAT and other taxes payable on any of the above.

**SOUTH BANK ACADEMIES TRUST  
FINANCIAL CONTROLS**

**1. Introduction**

The South Bank Academies Trust has the responsibility for ensuring that there is a process for maintaining a sound system of financial control that supports the achievement of aims and objectives of the Trust, whilst safeguarding the public and other funds and assets for which they are responsible.

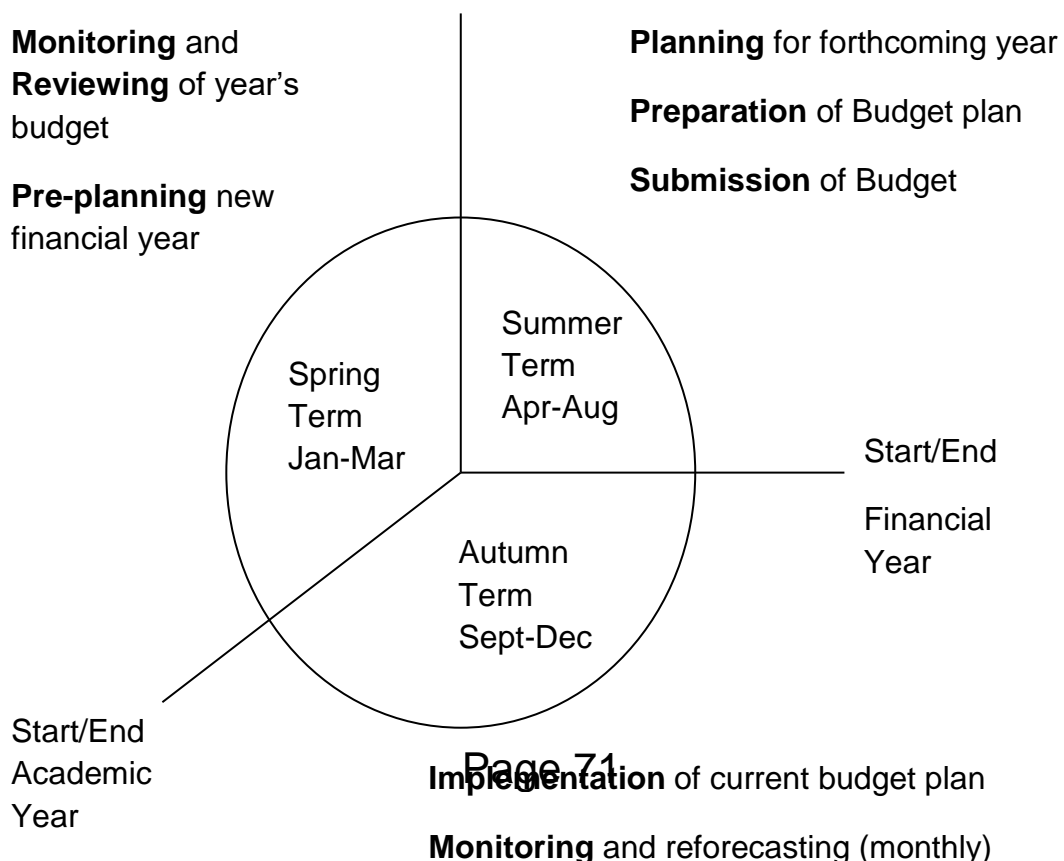
The system of financial control is an ongoing process designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

**2. Planning and Budgeting**

A proposed budget will be compiled by the Trust Business Manager with support from School Principals and Chief Executive. The Trust Board must approve a budget for the year to 31<sup>st</sup> August and this is then submitted to the Department for Education (DfE) by the published deadline.

The Trust board will approve suitable financial policies which will inform the budget process

**2.2 The Budgetary Cycle**



### 2.3 Management accounts

To allow the Trustees to monitor and challenge the financial performance quarterly management reports will be sent to the Trust Board, while the CEO monitors monthly management reports.

Included in each report will be the current forecast showing any variance against budget with commentary, a cash flow statement and additional narrative detailing any concerns or upcoming needs. Management accounts must also include a balance sheet and reconciliation to the accounting records if they are not produced directly from the finance system. Similar reports will be provided to the Local Governing Bodies for their review.

## 3. Financial Management

Key aspects of financial management are conducted in line with the roles and responsibilities set out in section 11. Detailed financial procedures are maintained by the Chief Financial Officer. The University Financial Controller will advise on proposed changes to financial procedures which will be reported to the Trust Audit Committee.

### 3.1 Bank accounts

Bank accounts shall be held in the name of the Trust and may be opened only on the authority of the Trust Board.

The ESFA must agree to bank or sponsor loans or overdrafts.

Holders of the following posts shall be signatories to the Trust's bank accounts;

Chief Executive  
Chief Financial Officer  
School Head Teachers  
University Financial Controller  
University Secretary  
University Chief Financial Officer

All payments including electronic payments such as Bacs require any two signatories in line with the bank mandate.

### 3.2 Recovery of money owed to the Trust

The Chief Financial Officer is responsible for recovering all money owed to the Trust and its schools including VAT, money owed for hire of payments made in error to



staff and suppliers. The Chief Executive can approve write offs up to the value of £2,000. Requests to write off larger amounts must be approved by the Trust Audit Committee and larger amounts reported to the ESFA in line with the Academies handbook.

### 3.3 Records and reconciliation

The Chief Financial Officer shall

- ensure adequate procedures are in place to control the issue and use of cheque stationery and for the control of electronic payment authorization
- maintain proper records of all payments;
- ensure that all bank accounts are reconciled at monthly or more frequent intervals, independently of the staff involved in making payments and banking cash.
- Unresolved discrepancies shall be reported to the Chief Executive or University Financial Controller and follow fraud reporting protocols if necessary.

### 3.4 Assets

The Trust Business Manager will ensure that a record of inventories and fixed assets is maintained and periodically reconciled to accounting records. Detailed procedures relating to the disposal of assets should be put in place.

### 3.5 Scheme of delegation

The following shows levels of authorisation in each Trust school for commitment to expenditure. Records of authorisation are kept in the form of signed purchased orders or board or other meeting minutes.

|                |  |
|----------------|--|
| Unlimited      | Trust Board                                |
| Up to £100,000 | Chief Executive                            |
| Up to £10,000  | School Principal or Trust Business Manager |
| Up to £5000    | School Vice Principal                      |
| Up to £3,000   | Budget Holders                             |

### 3.6 Contracts

Contracts for the supply of goods or services should be signed by the Executive Principal, School Principal, Trust Business Manager or Chief Executive.

Contracts of employment must be signed by the Chief Executive Officer, the Executive Principal or Academy Principals.

## 4. Value for Money

The Trust understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Trust delivers value for money by;

- Effective purchasing – Reviewing contracts on an annual basis to make sure they are fit for purpose and still offer value for money, exploring various purchasing options to gain best value and always following a tender process on major purchases.
- Economies of Scale – Where possible taking advantage of increased economies of scale by entering into joint contracts (UTC and Academy) for services such as catering and cleaning and by sharing resources including equipment and staff.
- Income generation – Hiring of facilities to community groups during periods of non-Academy use.
- Asset Checking – maintenance of a fixed asset register and regular monitoring of asset registers and assets ensuring tracking of asset and condition of asset.

The Trust keeps a list of approved suppliers and any new suppliers are approved by the Trust Business Manager and set up as a supplier on the finance system once checks are completed but before orders are placed. Any changes in supplier details are also required to be authorised by the Trust.

## 5. External Audit

External Auditors are appointed to prepare or review the Financial Statements of the Trust and also examine and report on the transactions, systems and procedures of the Trust. The CFO is responsible for managing the audit process on behalf of the Trust, including preparation of the audit file and all schedules and evidence requested by the Auditors.

The South Bank Academies Trust Audit Committee is tasked with advising South Bank Academies Board on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor. At present the auditors are Kingston Smith LLP.

## **6. Internal Audit**

The Trust is responsible for approval of an independent internal audit programme in line with the Academies Handbook and reports on the outcome of this process should be reported to the Trust Audit Committee and the SBA Board.

## **7. External returns**

The Trust Business Manager should oversee the preparation of all external returns which should be reviewed and signed off by the Chief Executive before submission. Financial returns should be reconciled to financial records.

## **8. Risk Register**

A risk register agreed by the board is the subject of careful and frequent monitoring by both the Trust and Local Governing Bodies.

The Risk Register highlights the key risks for South Bank Academies under six key categories;

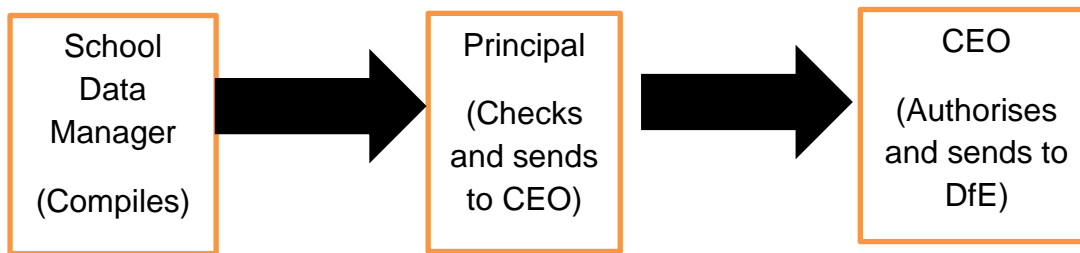
- Compliance
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

The register calculates the risk level associated to each risk by combining the probability of the risk and the impact of the risk. Also listed are the actions that have been taken to mitigate each risk. Each risk will have an 'Owner' to take responsibility for the risk and ensure the mitigating actions are undertaken and deployed.

Each school within the Trust will have its own Risk Register that is aligned to the schools' operations.

## 9. Census and Pupil Number Submissions

Income from the DfE is based on the forecasted pupil numbers submitted by the school via the Pupil Number Estimate form in the autumn for the following year and the termly Census checks that are submitted to the DfE. It is important that these numbers are checked for accuracy to avoid being underfunded or for income to be recovered at a later date after it is discovered that pupil numbers have been over estimated.



## 10. Anti-Fraud policy and Fraud Response plan

### 10.1 Policy

The anti-fraud policy outlines the Trusts position on fraud and sets out responsibilities for its prevention and detection. The policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding the finances and resources of the Trust and its schools. The policy applies to all staff.

The Trust requires all staff to act honestly, with integrity and to safeguard Trust and school resource for which they are responsible. Senior staff are responsible for ensuring that staff are aware of the Trusts fraud reporting protocols and that all instances of suspected theft, fraud, bribery, misuse of Trust assets or serious weaknesses in internal controls are reported in accordance with the fraud response plan.

Fraud includes:

- Theft of cash or other assets
- False accounting
- Deliberate claiming of expenses that were not incurred on Trust business
- Misusing Trust resources
- Entering unfavorable contracts with suppliers in order to benefit personally
- Giving or accepting a bribe

Managers should be aware of patterns of behaviour that may indicate concealment of fraud, including, taking fewer holidays, resistance to delegation, unwillingness to discuss normal work issues and frequently working alone or out of hours.

## **10.2 Fraud reporting and response**

If a member of staff discovers or suspects a fraud, theft, corruption or other financial irregularity, they must immediately inform their line manager who should report the matter to the Executive Principal, The Academy Principal, Trust Business Manager or Chief Executive.

The Trust Business Manager will instigate the following responses:

- Take action to mitigate the potential loss to the Trust
- Immediately inform the Chief Executive, University Financial Controller and if necessary, the Trust's insurers.
- Initiate an investigation. The scope of this investigation should be agreed with the Chief Executive and Executive Principal
- Decide whether or not to treat this incident as a criminal investigation and involve the police
- Take steps to prevent a recurrence of such an irregularity or breach of internal controls.

### **If it is suspected that a fraud may be significant:**

- The chair of the Audit Committee and the Chair of the Board of Governors
- Notify ESFA (for sums over £5,000 only).

### **A significant fraud is one where:**

- The sums of money involved are over £5,000
- The fraud involves senior officers of the Trust
- The particulars of the fraud or irregularity are novel, unusual or complex
- There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

In the event of a suspected fraud involving the Chief Financial Officer, Chief Executive or Trust Finance staff, the University Financial Controller will initiate action

## **10.3 Investigation of a suspected fraud**

The investigation must be conducted on a timely basis.

The Chief Executive may take action during the investigation against any member of staff who is potentially implicated in the suspected fraud. This action may include:

- Temporary suspension from duty
- Denial of access to Trust buildings and computer networks

## Result of investigation

In the event that an allegation is substantiated, action may include:

- suspension from duty
- Denial of access to Trust buildings and computer networks
- dismissal
- Notification of the police
- Notification of other parties likely to be affected

## 11. Roles and Responsibilities for Financial Administration

| Area                          | CEO (Accounting Officer)  | Trust Business Manager (Chief Financial Officer)   | Schools Finance Manager/Schools Finance Officer               | University Finance Team                        |
|-------------------------------|---|--|---|--|
| Payments                      | Authorises payments in line with scheme of delegation   | Authorises payments in line with scheme of delegation  | Prepares payments on PSF                                      |  |
| Planning and budgeting        | Assists in preparation and submits to the Board for approval                                      | Prepares budget  |   |  |
| Maintaining financial records | Responsibility for effectiveness of financial systems   | Day to day financial administration<br>Process correcting journals<br>Prepares bank and balance sheet reconciliations                    | Maintains sales and purchase ledgers, posts bank transactions | Reviews bank and balance sheet reconciliations |
| HR and Payroll                | Issues contracts of employment  | Reviews payroll  | Prepare payroll input<br>Posts payroll to PSF                 | Authorise prior to payment                     |
| Procurement and purchasing    | Responsibility for obtaining value for money<br>Approves orders in line with scheme of delegation | Maintain list of approved suppliers<br>Ensure compliance with procurement procedures<br>Approve orders in line with scheme of delegation | Raise orders<br>Checks receipt of goods and services          |  |
| Internal audit                |   |  |   | Internal audit checks                          |
| External audit                |   | Prepares audit file and co-ordinates on behalf of the Trust  | Contact for audit queries                                     | Reviews year-end balance sheet reconciliations |