



Financial Administration

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Author Initials	SW/GA
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(This policy supersedes all previous Financial Administration Policies)

Amendments

Policy Date	New Version Number	Summary of change	Comments
July 2022	1.1	Minor changes to reflect operational structure	
Dec 2021	1.2	Minor changes to drafting of tests reviewed	
Dec 2022	1.3	Minor changes to reflect structure	
Dec 2023	1.4	Minor text update changes	
Feb 25	1.5	Minor text update changes	

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1. Introduction

- 1.1 The Financial Administration Policy is reviewed annually by the Board, and defines the basis for the management and control of the Trust's financial resources.
- 1.2 The policy is executed in accordance with the Academy Trust Handbook, by the "Accounting Officer"* (The CEO), and the "Chief Financial Officer"* (Chief Financial and Operating Officer). * ESFA designations)
- 1.3 Financial management of, and maintenance of financial records for the Trust is conducted in compliance with:
 - The Academy Trust Handbook, and Academies Accounts Direction,
 - Financial Reporting Standard FRS102
 - The Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2019)
 - The Charities Act 2011 and Companies Act 2006
- 1.4 The Board appoint an external auditor to audit the statutory accounts annually, in compliance with the requirements of The Charity Commission and the ESFA.

2. Financial and Risk Management

- 2.1 The Board exercises its role of financial scrutiny and challenge through the Finance and Risk Committees who carry out their responsibilities as follows:
- 2.2 Scrutiny of management accounts produced by the Chief Financial and Operating Officer and presented at each Finance Committee meeting.
- 2.3 Within the context of this policy, in respect of financial administration, perform the functions of an audit committee, in accordance with the Academy Trust Handbook reviewing risks to internal financial control through an agreed programme of work (see appendix 1). (The committee may delegate this work to one of its members.)
- 2.4 Receive the monthly management accounts produced for each school and engage with the CEO and/or the Chief Financial and Operating Officer on any matters arising. (The committee may delegate this work to one of its members)
- 2.5 Scrutiny of external audit reports and ensure that appropriate actions are taken.
- 2.6 Review of annual budgets for each school for recommendation and approval by the Board.

- 2.7 Review and approval of internal proposals for the application of the ESFA capital building and maintenance grants.
- 2.8 School Heads) supported by the Chief Financial and Operating Officer, formulate budgets (4.1) for recommendation to the Board. The responsibility for managing these budgets lies with Board, who delegate monitoring to the CEO and the Chief Financial and Operating Officer.
- 2.9 The Chief Financial and Operating Officer supports each School Head throughout the year with respect to changing demands on financial resources, advising on budget pressures and options with respect to meeting the needs of the school whilst maintaining budgetary discipline.

3. Financial Processes & Procedures

- 3.1 The Chief Financial and Operating Officer maintains a Financial Processes and Procedures Manual, which is updated annually.
- 3.2 The financial processes and procedures are premised on the principles of good financial control, ensuring that suitably qualified/trained staff execute financial procedures, appropriate division of duties underpins all procedures

4. Authority to spend Trust Financial Resources

Annual Budget:

- 4.1 An Annual Budget for the each of the schools is prepared by the Chief Financial and Operating Officer and the School Heads.
- 4.2 The budget is proposed by the LGB, reviewed by the Finance Committee and approved by the Board before the commencement of the Financial Year to which it relates.
- 4.3 The table below summarises the delegated authority *to spend* financial resources of the Trust.

5. Table of delegated authority

1	Curriculum Expense Budgets	Review & approval of curriculum orders against approved budget	ESW Finance Director /Financial Controllers
2	Curriculum Expense Budgets	Placement of orders for goods & services	ESW Operations Managers / Finance Director (as defined by the financial processes and procedures)
3	Catering Expense Budgets	Placement of orders for all provisions (<i>but limited to suppliers and menus defined by the ESW Area Catering Managers, except bulk orders.</i>) Contracts	Kitchen Managers Chief Financial and Operating Officer
4	Facilities Expense Budgets	Placement of orders under £1,000, already budgeted Purchase of parts and materials under £500 Placement of orders >£1,000 already budgeted.	Operations Managers Site Supervisors Operations Managers and Finance Director (per procedures manual) Chief Financial and Operating Officer

		Service Contracts	
5	All Other Expense Budgets, and orders not meeting the boundaries for Curriculum, Catering and Facilities above	Review and approval, already budgeted	Finance Controller (Under £500) Finance Manager (£500-£1000) ESW Finance Director (Over £1,000)
6	Managing individual cost centre cost groups	Virements within non curriculum cost centre group	ESW Finance Director
7	Managing curriculum and curriculum plus cost centres	Virements within curriculum and curriculum plus cost centre groups *	School Heads & ESW Finance Director
8	Managing the overall individual school budgets	Virements between cost centre groups budgets	Chief Financial and Operating Officer, Finance Director
9	Unbudgeted revenue/capital expenditure items, matched with unbudgeted in-year income, brought forward reserves, or capital funds.		Chief Financial and Operating Officer & Finance Director

10	Specific Replacement Funds	In accordance with budgeted replacement.	Chief Financial and Operating Officer
11	Capital Expenditure (excluding specific replacement funds and grants)	If matched by capital grants/or other donations	Chief Financial and Operating Officer, and CEO

* Cost centre groups means group of cost centres as used in the Management Accounts, e.g. Curriculum, Curriculum Plus, Facilities, Administration, IT, Wholeschool, Staff Costs, Supply

6. Procurement

- 6.1 In accordance with the Financial Processes and Procedures, a separation exists between individuals placing orders, setting up new suppliers, approving orders, processing invoices and authorising payments.
- 6.2 Continuous review and comparison of supplier's prices for repeat and new orders is undertaken by the Finance/Procurement, Catering and Operations Managers, to ensure that best value is achieved for all revenue expenditure.
- 6.3 Contracts in relation to third party services must be executed by the Chief Financial and Operating Officer.

7. Capital Expenditure

- 7.1 Procurement of fixed assets requires 2 written quotations for single orders > £10,000 and <£25,000, and 3 written quotations for orders >£25,000.
- 7.2 For all purchases or contracts the number of quotations required could vary from the prescription above, depending on the specifics of the project and the available market place of suppliers, by the joint decision of the a Chief Financial and Operating Officer and the Finance Director.
- 7.3 Building contracts for values over £100,000 will be procured in a way suitable to the project, and the method will be agreed approved by 2 Directors who are members of the Finance Committee.

8. Authorisation of Payments

- 8.1 Payments to third parties are made by BACS transfer, by cheque or by Charge Card. Detailed procedures for processing payments are included in the Financial Processes & Procedures Manual.

9. Payroll

9.1 The Trust payroll is managed by the ESW Finance Director.

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

9.2 Claims made by casual workers are authorised by the appropriate budget holder, and reviewed by the ESW Payroll Manager, before being incorporated into the payroll.

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

Appendix 1 – Programme of Work for internal financial risk review

Risk	Review Basis
Risk that expenditure is not authorised	Review sample of orders through to invoice Review a sample of non-order invoices Review sample of expense claims
Risk that discounts are not secured/ best price achieved	Walk through test of process of procurement
Risk that Stock reconciliations do not warn of stock misappropriation	Review of stock reconciliations Walk through the process
Risk that Debts are not recovered	Review of Aged Debtors Review of Other Debtor Schedule
New supplier authorisation forms are improperly authorised	Review of new supplier authorisations
Requests for changes to payroll improperly authorised	Review of amendments to payroll
Casual Claims are not properly authorised	Review of casual claims
Cash banking is not independently checked	Review of cash bank receipts and banking
Suppliers are not being paid in a timely manner	Review of aged creditors
Bank Reconciliations are not completed and reviewed by the Finance Director at least monthly, with the date of the review recorded	Review bank reconciliations
Suspense accounts are not cleared or reconciled	Review suspense accounts