



Financial Procedures Policy and Scheme of Financial Delegation

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Together we **Exceed**



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1. Introduction

1.1 Exceed Academies Trust (the Trust) was created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. The Trust is an exempt charity by virtue of the Charities Act 2011.

The Funding Agreement between the Department for Education (DfE) and the Trust sets out the terms and conditions on which grant is made. The Trust Board is responsible for ensuring that the conditions of grant are met. As part of this process the Trust is required to have in place appropriate arrangements for sound governance, financial management, securing value for money and accounting, and for using public funds for the purposes for which they were intended by Parliament.

This document sets out the Trust's financial regulations. These financial regulations are subordinate to the Trust's articles of association and to any restrictions contained within the Trust's funding agreement with the DfE and with the Academy Trust Handbook.

1.2 The purpose of these financial regulations is to provide control over the totality of the Trust's resources and provide management with assurances that the resources are being properly applied for the achievement of the Trust's aims and objectives on a sustainable basis, including:

- Maintaining financial sustainability
- Achieving value for money
- Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- Ensuring that the Trust complies with all relevant legislation
- Safeguarding the assets of the Trust
- Ensuring financial responsibilities are managed efficiently, effectively and economically

1.3 **Compliance with the financial regulations is compulsory for all individuals connected with or employed by the Trust. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary procedures.**

1.4 It is the responsibility of Executive Leaders/Headteachers/Heads of School to ensure all staff under their management are made aware of the existence and content of the Trust's financial regulations and understand how to operate within them.

This policy does not provide detailed procedural advice and should therefore be read in connection with the relevant financial procedures/handbook.

1.5 The Trust Board is responsible for maintaining continuous review of this policy, through the CFO.

In exceptional circumstances, the Chief Executive Officer (CEO) may authorise a departure from the detailed requirements of the approved Financial Procedures Policy and Scheme of Financial Delegation, such departure will be reported to the Trust Board at the earliest opportunity.

2. Organisation

2.1 Accountability Framework

The Trust has defined responsibilities for each person involved in the administration of Trust Finances to avoid the duplication or omission of functions and to provide a framework of accountability for members, trustees, school governors, and staff as detailed in the Trust's Scheme of Delegation.

2.2 The Trustees

The Trustees will take full responsibility for the financial affairs and efficient use of resources to maximise outcomes for pupils. The Trustees and its committees will meet regularly enough to discharge their responsibilities.

The main financial responsibilities are to:

- Appoint the Chief Executive Officer (CEO) and hold him/her to account for the performance of the Trust. This role will formally include the designation of the Accounting Officer for the Trust.
- Appoint to the designation of Chief Finance Officer (CFO) in conjunction with the Chief Executive Officer.
- Allocate the Trust's financial, human and other resources
- Producing a Scheme of Delegation for the management of the Trust
- Ensuring sound management of the Trust's finances and resources
- Establishing and maintaining a transparent system of prudent and effective internal controls
- Approving arrangements for independent check of internal controls
- Prepare the annual report and accounts in accordance with relevant Company Law, Statement of Recommended Practice, and DfE guidance for presentation to members at their AGM
- To approve the annual budgets proposed by the CEO

2.3 The Chief Executive Officer (CEO) (Accounting Officer) (AO)

The CEO is designated by the funding agreement as the Trust's Accounting Officer (AO). The AO must personally take responsibility for assuring the board that there is compliance with the funding agreement and handbook.

In this capacity the CEO must advise the Trust Board in writing if, at any time, any action or policy under consideration by them appears to be incompatible with the Funding Agreement, Articles of Association or handbook.

The AO must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The AO must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

2.4 The Chief Finance Officer (CFO)

The Trust Board must appoint to the designation of Chief Finance Officer (CFO).

The CFO will be responsible for the Trust's detailed financial procedures. The CFO will play both a technical and leadership role including ensuring:

- The preparation of all revenue and capital budgets and financial plans
- The preparation of monthly management accounts, management information, monitoring and control of expenditure against budgets for individual schools and consolidated for the trust.
- The preparation of the Trust's annual accounts and other financial statements which the Trust is required to submit to the DfE/ESFA or other authorities
- The maintenance of satisfactory financial systems
- Professional advice on all matters relating to financial policies and procedures
- Day to day liaison with internal and external auditors in order to achieve efficient processes
- Day to day liaison with the Trust's bankers in relation to the Trust's bank accounts including authority to open/close accounts

2.5 Executive Leaders/Headteachers/Heads of School

Executive Leaders/Headteachers/Heads of School are responsible to the Trust Board via the Chief Executive Officer for the financial management for budgets under their management responsibility. They are also responsible for ensuring all policies and procedures are adhered to at their academy and in particular the key financial controls are communicated and managed effectively across their staff. They are also responsible to ensure any auditor recommendations are implemented on request.

The Executive Leader/Headteacher/Head of School is advised by the CFO in executing any financial duties.

Executive Leaders/Headteachers/Heads of School will ensure that the CFO is provided with such information as he/she may be required to enable:

- Compilation of the Trust's financial statements
- Implementation of financial planning
- Implementation of audit and financial reviews, projects, and value for money reviews

2.6 Central Finance Team

The central finance team oversee the day-to-day financial administration of the Trust, and academies and report to the CEO, CFO and Executive Leaders/Headteachers/Heads of School. The main responsibilities include:

- Overseeing the day-to-day finances
- Ensuring an accurate and up to date finance system is maintained and controlled
- Ensuring compliance with the Financial Regulations including the implementation and maintenance of the effective financial controls

- Support service and financial planning processes
- Preparing the budgets and medium-term financial forecasts
- Provide assistance to budget holders
- Produce monthly management information
- Assisting in external and internal audits
- Training on staff on any financial related systems
- Processing invoices and subsequent payment
- Support in ensuring decision is made on sound financial data

2.7 School Office Managers (or equivalent)

Office Managers are responsible for following established processes and procedures relating to:

- Requesting goods and services by raising Purchase orders on the systems
- Administration of payroll changes
- Administration of petty cash and credit card logs
- Administration and banking of cash, including safe storage and security
- Reporting any issues relating to finance to CFO as soon as is practically possible.

2.8 Other Staff

All members of staff throughout the Trust should be made aware of and understand how to operate within the Trust's financial authority limits and the values of purchases for which quotations and tenders are required as set out in the Scheme of Financial Delegation.

They should also be made aware and have a general responsibility for the security of the Trust's property, for avoiding loss and for due economy in the use of resources.

2.9 External Audit

The external auditors will be (re-)appointed annually by the Members. A competitive tendering process will be undertaken at regular intervals (at least every five years) to inform this process.

2.10 Internal Scrutiny

The Audit and Risk Committee on behalf of the Trust Board will consider how arrangements for independent internal scrutiny will be met as part of a wider assurance framework. This may be through one of the following operations:

- The work of an internal audit service (in-house or bought in)
- The work of a 'responsible officer' who will be a non-employed trustee (excluding the Chair of the Trust Board) and who neither charges nor is paid by the Trust for their work
- Completing the work by peer review (from a suitably qualified member of another Academy Trust)

3. Accounting Systems

3.1 Financial Accounting System

All the financial transactions of the Trust must be recorded onto the Trust's financial accounting system.

3.2 System Access

Entry to the financial accounting system is password restricted and the CFO is responsible for overseeing access levels for all members of staff using the system. It is the responsibility of all users of the system to keep their password secure.

3.3 Transaction Processing

All transactions input to the financial system must be authorised in accordance with the procedures specified in these regulations.

Detailed information on the operation of the Trust's financial accounting system can be found in user manuals held by the CFO.

3.4 Reconciliations

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

- Bank
- Sales and purchase ledgers accounts
- Payroll
- Suspense and other balance sheet items

4. Budget Setting

4.1 Annual Budget

The CFO is responsible for establishing a timetable to ensure that the approved budget is reported to the ESFA by the deadlines set each year.

Each Executive Leaders/Headteachers/Heads of School is responsible for proposing their own academy individual annual budget plan for their school in accordance with the timetable to allow it to be formally recommended to the Trust Board for its approval.

The CFO is responsible for reporting the overall Trust Budget including those of individual schools to the Trust Board.

The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised.

The estimates will include (but not restricted to):

- The General Annual Grant confirmed by the ESFA for the forthcoming academic year and based on the previous autumn pupil count.
- Where appropriate the Early Years funding estimated by the Local Authority for the forthcoming academic year based on previous termly counts of registered take up and any changes to nursery sizes
- The High Needs (SEN) top up funding from the Local Authority for the forthcoming academic year based on current pupil assessments and any leavers / starters
- Review of other income sources
- Review of current staffing establishment in light of pupil / curriculum changes, salary increases / inflation / contribution rates
- Review of the school contracts register and any non-contract spending to gain an understanding of non-staffing costs
- Review of past performance against budgets to promote an understanding of changes in the cost base
- Identification of potential efficiency savings and Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost.

4.2 Financial Plans

The Trust and each academy will prepare both short-term and medium-term plans. The medium-term plan is prepared as part of the development planning process. The development plan indicates how the Trust, and each school is going to achieve its educational and other objectives within estimated levels of funding over the next 3-5 years.

4.3 Balancing the Budget

Comparison of the estimated income and expenditure will identify any potential surplus or deficit in funding.

A school may set an in-year deficit budget for one-off use of surplus balances carried forward from previous years, however, it should have due regard to the Trust Board policy on levels of reserve balances required to manage future risks and investment priorities.

A school must not plan to carry forward a cumulative deficit budget without prior approval from the Trust Board. Approval of a cumulative deficit budget would only be agreed in exceptional circumstances which could not be avoided or managed without a detrimental impact on the educational performance of the school and would include a repayment plan over no more than three years.

Expected surplus school be disclosed in the budgets forecast. Clear future plans for the cumulative surplus to be carry forward must specify how it will be used to benefit pupils. The Board and ESFA will question any substantial surpluses with no clear plans for its use.

4.4 Finalising the Budget

The CFO is responsible for ensuring that the approved budget is confirmed back to Executive Leaders/Headteachers/Heads of School and loaded to the financial system.

The Executive Leaders/Headteachers/Heads of School should ensure that it is communicated to all staff with responsibility for budget headings so that all relevant parties are aware of the overall budget constraints.

4.5 Monitoring and Review

The CFO is responsible for preparing monthly management accounts to the Trust Board which details actual income and expenditure against the approved budget and any changes to the projected end of year position.

If the budget is overspending it may be appropriate to take measures to make savings and the Executive Leadership Team of the Trust will make appropriate proposals to develop and deliver these as appropriate. Any significant changes to the annual budget require Board approval.

The Executive Leaders/ /Headteachers/Heads of School will share finance reports with the Local Advisory Board periodically throughout the year.

5. Fraud and Corruption

5.1 The Trustees are absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the Trust, so as best to fulfil the objectives of the Trust and of the Department for Education. It is therefore also committed to the elimination of fraud within the Trust, to the rigorous investigation of any such cases, and where fraud or other criminal act is proven to ensure that wrong doers are appropriately dealt with. The Trust will also take appropriate steps to recover any assets lost as a result of fraud.

5.2 The Board wishes to encourage anyone having reasonable suspicions of fraud to report them. The Trust's policy, which will be rigorously enforced, is that no employee should suffer as a result of reporting reasonably held suspicions.

5.3 The CEO will ensure that issues raised under the Trust's Whistleblowing policy which have a bearing on the Trust's Financial Regulations are investigated in accordance with that procedure.

5.4 The Board will ensure that detailed policies and procedures for dealing with suspected cases of theft, fraud or corruption are in place. The Accounting Officer will be responsible for ensuring that potential conflicts of interest are recorded in order to ensure the avoidance of actual conflicts of interest. This includes but is not restricted to the maintenance of the Trust's Register of Interests and central checks against this register by the Clerk and Project Officer. Any potential conflicts of interest so arising will be notified to the Accounting Officer.

5.5 External and Internal Auditors will plan and conduct their work so that they will have a reasonable expectation of detecting material financial irregularities including fraud and breach of the Financial Regulations. However, neither external nor internal audit are required

to search specifically for irregularities and fraud and their audit should not therefore be relied upon to disclose them.

- 5.6 The Accounting Officer will ensure that the financial, planning and other management controls applied by the Trust are appropriate and sufficient to safeguard public funds.
- 5.7 Any significant (determined by ESFA handbook) or systematic/unusual instances of fraud or theft must be notified to the ESFA; therefore, the CEO must be notified immediately.

6. Payroll

6.1 Payroll Administration

Payroll forms the largest element of the school budget, and it is therefore essential that financial procures and internal controls in relation to payroll are properly implemented. All payments to trust staff, permanent or casual, will be processed through the payroll system and not through any other mechanism, each academy will act in accordance with the pay policy.

Appointment of staff is determined by the Scheme of Delegation.

The main elements of the payroll system include staff appointments, payroll administration and payments. Payroll is notified of any staff absences using the recording system. The Executive Leaders/Headteachers/Heads of School and CFO are responsible for ensuring that:

- All staff are paid on a monthly basis.
- Payments are only made to bona-fide employees
- Payments are made in accordance with individuals' contracts of employment
- Deductions including income tax, national insurance and pensions are properly administered
- Payments are only made in respect of services provided to the academy trust
- Amendments to the payroll are properly processed.

In collaboration with the central team the Office Managers (or equivalent) are responsible for keeping the staff information up to date which includes the following information:

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

Payroll production requires the schools to comply with the necessary deadlines. Instructions to the Trust's central HR team should be undertaken by each Officer Manager (or equivalent) in accordance with the timetable and following appropriate approvals.

Before the payroll is processed all data input shall be obtained and checked against source documentation by the Chief HR Officer or delegate

6.2 Payments

After the payroll has been processed but before approval, the Trust's central finance team should identify reasons for variances against each individual on the report which compares each individual current gross pay with the previous months gross pay. On completion of this and satisfaction that all variances are legitimate the CFO will approve the payroll.

All salary payments are made by BACS on 26th of each month, or closet working day prior to it if 26th falls on a weekend or Bank Holiday..

The Trust's central finance team will ensure the nominal ledger is updated by journal entry and before the month end close. Postings will be made to both the various payroll control accounts and to individual cost centres.

Any contract for the services of the payroll provider will be reviewed on a regular basis to ensure that the Trust is getting value for money and that the provider is giving adequate service.

7. Purchasing

7.1 Purchasing

The Trust must demonstrate the proper and effective use of public funds. The main requirements are:

- Probity – to demonstrate that all parties dealing with the Trust are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in any of the dealings of the Trust;
- Accountability – the Trust is publicly accountable for its expenditure and for the conduct of its affairs; and
- Value for Money – the achievement of value for money underpins the appropriate use of public funds.

The Trustees will ensure that the Trust considers economy, quality, financial risk and efficiency when making arrangements for the purchase of supplies, goods equipment and services.

The Accounting Officer will have overall responsibility for all purchase orders and service contracts but may delegate some responsibilities to other individuals within the Scheme of Delegation.

All staff must adhere to the Trusts Procurement and Tendering Policy.

Novel and contentious and/or repercussive transitions must be referred to ESFA (via CFO) for explicit prior authorisation.

7.2 New Suppliers

Requesting a new supplier should be done so by the member of staff raising the PO. A new supplier form should be fully completed and emailed to the Trust's central finance team. Any form not completed in full will be returned for missing information to be included.

Formal checks should be carried out by the Trust's central finance team on any new supplier before approving, these may include:

- Cost
- Risk
- Company House/Sole Trader Checks
- Convenience
- Social Responsibility
- Service
- Delivery
- Quality & safety

New suppliers are approved by the CFO within three working days. Once approved and entered onto PSF the requester will be notified and the order can be processed. The Trust's central finance team should send an 'Invitation to Engage' to the supplier, asking them to submit bank details, using the official request form.

7.3 Register of interests

It is the responsibility of the Trustees, under the requirements of the Companies Act 2006 and the ESFA regulations to ensure they declare their business and other interests.

The Trust maintains a register of interests for all Members, Trustees, Local Advisory Board members and senior members of staff which is available on the Trust's website. This is updated annually.

Academy trusts **must** be even-handed in their relationships with related parties by ensuring that:

- trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all members, trustees, local governors of academies and senior employees complete the register of interests annually
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- there are no payments to trustees by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest

- the Charity Commission's approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
- payments provided to the connected persons or parties satisfy the 'at cost' requirements

The Trust **must** keep sufficient records, and make sufficient disclosures in their annual accounts, to show that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

The CFO is responsible for reporting all contracts and other agreements with related parties to the ESFA and obtain permission in advance where required. The CFO is also responsible for obtaining ESFA permission for transactions with Related Parties that are novel, contentious and repercussive.

7.4 **Connected individuals/organisations**

The Trust must ensure that any transaction with a connected individual/organisation (as defined in the Academy Trust Handbook) is:

- a. properly procured through an open and fair process,
- b. Supported by a statement of assurance from that individual or organisation that their charges do not exceed the cost of the goods or services,
- c. On the basis of an open book agreement including a requirement for the supplier to clearly demonstrate, if request, that their charges do not exceed the cost of supply.

Full cost includes all direct costs and indirect costs (i.e. a reasonable proportion of share of fixed and variable overheads). It must not include any profit element.

7.5 **Contracts**

Contracts for services must be monitored to ensure that the actual level of service meets the requirements set out in the contract specification.

Contracts may run for a period of more than one year but not more than five years. Maintenance agreements, leasing or rental agreements shall also be covered by such contract definition. Authorisation of such agreements/arrangements are delegated in line with the Scheme of Delegation.

7.6 **Goods Received and Invoicing**

The orders generated from the Trust's financial system will state the appropriate arrangements for delivery of goods to the school. On receipt of goods, a detailed check of the goods received against the goods received note (GRN) will be undertaken and a record made of any discrepancies between the goods delivered and the GRN. The supplier of the goods should be informed of any discrepancies without delay.

The financial system should be updated at school level to reflect the items received against the order as a GRN.

In the event an invoice doesn't match the Purchase Order but is within 5% threshold the invoice can be matched and processed. If the invoices vary by greater than this threshold the invoice must be authorised by the budget holder by email to process.

All invoices should be scanned and saved onto the system.

7.7 Invoices for Payment

All invoices should be sent to the Trust head office for processing by the Trust's central finance team. The team will perform a series of checks including:

- Correctly addressed to the trust or one of the schools within the trust
- Unique invoice number
- Vat number if registered
- Date of invoice
- not already been paid,
- Matched to a PO,
- Correct date & period used
- BACs details match those on PSF
- Nominal & account codes checked,
- Scanned and attached to the PSF document posting

Payment to suppliers shall not be made until all of the above actions have been undertaken.

In the event of any queries arising the invoice will be placed in a query folder until resolved.

The Trust's central finance team is responsible for paying invoices in a timely manner. BACS payment runs should be produced every three weeks at a minimum; and authorised in accordance with the bank mandate or online banking authority. Only emergency purchases or urgent payments can be made outside of the standard payment terms. This is at the discretion of the CFO. Only in exceptional circumstances a payment can be made by cheque.

Supplier statements received by the Trust's central finance team are checked against the supplier ledger and missing invoices are requested. Statements received in August prior to yearend are saved in the yearend audit file.

8. Purchase / Commercial / Credit Cards

8.1 The Trust has issued all Executive Leaders/Headteachers/Heads of School with a Lloyds Commercial Card. These cards are not considered to infringe the borrowing restrictions imposed on schools/the Trust as the balance is cleared in full at the end of each month.

8.2 Any additional cards required by a school must be requested for through the CFO and CEO. Each employee issued with a card must sign to confirm that they have read and understand

the Trust's Credit Card Policy and Procedures. A copy of all signed confirmations will be retained by the trust.

- 8.3 All card purchases must be authorised in advance through a signed requisition by the budget holder and card owner including those made over the internet.
- 8.4 Purchase receipts will be returned from the card users to the office manager (or equivalent) as soon as is practicably possible. The office manager (or equivalent) is responsible for ensuring that all receipts are collected and recorded on the monthly log and submitted to the Trust's central finance team.
- 8.5 The monthly statement will be matched to the monthly log by the central finance team, statements and receipts will be scanned and attached onto the Trust's financial system.
- 8.6 The card should be held securely at all times and the PIN not disclosed to any party other than the card holder.
- 8.7 Cash withdrawals on Commercial cards are not permitted.

9. Income

- 9.1 The main sources of income for the Trust/schools are through DfE/ESFA/LA grants. The receipt of these sums is monitored directly by the CFO and the Executive Leader/Headteacher/Head of School that are responsible for ensuring that all grants due are collected.

These sources of funds will usually be transferred directly into the school bank account by BACs transfer.

- 9.2 The schools also obtain income from:

- Pupils / Students – breakfast / after school clubs, milk, catering, trips, music tuition
- Public – lettings, use of facility, fund raising events

Cash receipts should be minimised through use of electronic payment methods being made available where-ever possible.

Any cash collected by schools should be banked via cash collection service set up by the trust. Cash and cheque collections should be arranged for appropriate intervals to ensure the levels of cash in the safe do not exceed insurable limits, but collection costs remain economical.

Income logs will be maintained by the school and submitted to the Trust's central finance team who will record the income on the PS financial system as a nominal receipt – paying in slip, or from regular Parent Pay reports as a nominal receipt – direct to bank.

- 9.3 **Sales Invoices**

The CFO is responsible for ensuring that sales invoices are issued where required using the financial system. Due regard must be given to ensure that VAT is charged where appropriate.

The CFO is responsible for ensuring a reconciliation of the Sales Control Account to the aged debtors report is undertaken on a monthly basis and for pursuing any outstanding monies due to the school.

9.4 Debt Recovery and the Write off of Bad Debts

Wherever possible, income due will be collected before or at the time of relevant sale or service provided. If this is not possible, a debtor's account (invoice) will be issued. All debts will be recorded, and non-payment will be followed up by issuing reminders as follow:

- 1st reminder - 30 days from date of account or in the case of lettings before the first letting commences.
- 2nd reminder - 60 days from date of account
- Final reminder - 75 days from date of account

The final reminder will threaten legal action if the account is not settled within 14 days. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

Write off of Bad Debt

Where a debt remains unpaid for 12 months or more, all attempts of recovery have been exhausted, further recovery actions become uneconomical, and the individual amount is for less than or equal to £500 (£5,000 cumulative debts over a 12-month period) it will be written off by the CFO as part of the year-end processes.

For individual amounts in excess of £500 (£5,000 cumulative debts over a 12-month period) approval is also required by the Chief Executive Officer in consultation with the CFO.

10. Cash Management

10.1 Opening and Closing of Accounts

The opening and closing of bank accounts must be authorised by the Trust Board. All accounts will be in the name of "Exceed Academies Trust" Academies must not open separate bank accounts with other banks. All banking arrangements must be done under the Trust.

Closing of former school fund accounts are pre-authorised for schools where this process has not been undertaken prior to conversion and should be undertaken as soon as possible following conversion.

10.2 Signatories

The authorised signatories to accounts are limited as follows:

- CEO
- COO
- CFO

10.3 Payments and Withdrawals

All cheques, BACS approvals and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of two of the authorised signatories.

Cheques should not be pre-signed under any circumstance.

10.4 Bank Reconciliation

The Trust Senior Finance Officer is responsible for ensuring that bank statements are reconciled at least on a monthly basis. Reconciling items should be resolved.

The bank reconciliation process is as follows:

- Run a bank reconciliation report from PSF
- Cross reference this to the bank statement
- Run a trial balance
- Ensure all figures match the bank statement
- All open items on the cash book and unreconciled items at the bank are investigated and cleared promptly.

The bank reconciliation shall be signed to confirm review approved by CFO each month in a timely manner.

10.5 Monitoring Cash Flow

The CFO is responsible for forecasting and monitoring cash flow during the year to ensure that the school has sufficient funds available to pay for day to day operations. The CEO shall be notified at the earliest opportunity if potential shortfalls are foreseen during the year and cannot be avoided.

10.6 Investments

The opening and transferring of funds to investment accounts can only be undertaken by the CFO and within the written procedures and monitoring arrangements approved by the Trust Board following consideration of Charity Commission guidance.

10.7 Petty Cash Accounts

Each primary school has authority to hold a maximum petty cash balance of £200, Secondary schools £500 and AP Academies £300. Expenditure through petty cash should not exceed £30 on any one item and usage should be kept to a minimum where possible.

All purchases through petty cash should be pre-authorized by the Budget Holder or the executive leader or head of school.

The school office manager (or equivalent) is responsible for prompt submission of all receipts and Petty Cash tracker to the central finance team at the end of each month.

10.8 Cash Advances

The CFO may provide cash advances to individuals to cover the approved expenses which will be incurred wholly, necessarily and exclusively in the performance of future Trust duties.

The cash advance recipient is required to provide a reconciliation of the advance including all original supporting documentation within five days of the completion of the event or activity.

Where an expense appears excessive and the matter cannot be satisfactorily resolved with the individual concerned, it will be referred for a decision to the CFO. Where the CFO decides that the expenses claim cannot be justified the individual will be required to make a corresponding repayment

If the expense claim relates to the CFO the decision will be made by the Chair of the Board.

10.9 Staff Reimbursements

All staff reimbursements for expenses claims will be made monthly through payroll.

Expenses claim forms must be presented to the Executive Leader/Headteacher/Head of School with an attached VAT receipt for approval. These will then be submitted to the HR Officer who will process the claim through payroll.

11. VAT

11.1 The Trust is registered for VAT and is entitled to reclaim VAT on qualifying purchases through a quarterly VAT return.

Under legislation, VAT claims can be made on expenditure which supports the Trust's core business purposes.

11.2 A report is run for each of the academies within the Trust by the CFO, in order to provide the data necessary for the completion of the VAT reclaim form.

The Trust is eligible to reclaim the majority of VAT it pays on invoices from HMRC.

11.3 Where invoices relate partly to business activity and partly to non-business activity, only the proportion of the VAT relating to the non-business activity will be reclaimed.

11.4 On receipt of the reclaimed VAT from HMRC, the Trust's central finance team will review the remittance and confirm whether this equals the claim made. Any discrepancies will be investigated by the CFO immediately.

12. Dispensation from Financial Regulations

12.1 The procedures set out in this policy as approved by the Trust Board should be followed at all times. However, there may be exceptional circumstances where a dispensation from the regulations is permitted including:

Emergency Action

In the event of an emergency, the Chief Executive Officer and/or Chair of the Trust Board are empowered to authorise all necessary actions. The Chief Executive Officer and or Chair of the Board shall notify the CFO, in writing, of the circumstances and the estimated financial impact and report formally to the earliest Trust Board Meeting.

Operational Issues

Where the Chief Executive Officer considers there are justifiable reasons for dispensing with Financial Regulations, they may do so, in consultation with the CFO. The circumstances must be reported formally to the earliest Trust Board Meeting.

13. Summary of Financial Delegations

Full details of procurement requirements and limits can be found in the Trusts Tendering and Procurement Policy. A summary of these limits is shown in the table below.

Amount	Approval
Up to £4,000	Executive Leader/Headteacher/Head of School
£4,000.01 to £30,000	CEO
£30,000.01 to £50,000	Board of Trustees approval
Above £50,000	Full tender process – Trustee involvement

14. Scheme of Financial Delegation

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
To receive the annual budget (in the context of the 3-5 year forecast) proposals for consideration and recommendation to the Trust Board.			✓	✓	<A	
Approve the annual budget plans.		✓	<A	<A		
To consider monthly budget monitoring reports including variances between actual and approved budget year to date, projected outturn and approved budget, including narrative explaining the reasons for variances.		✓	✓	<A		
Any policy and arrangements for Pooling (exc PFI) of funds.		✓	<A	<A		
Reserves Policy and taking actions necessary to support the achievement of the policy.		✓		<A		
Authorise requisitions for processing as orders to suppliers for up to and including £4,000 for goods and services within budget.					✓	✓
Authorise orders to suppliers for requisitions between £4,000 and £30,000 (inclusive) following receipt of <u>three written quotes</u> and the provider is the most economically advantageous.			✓		<A	
Authorise requisitions for processing as orders to suppliers for between £30,000 and £50,000 following receipt of <u>three written quotes</u> .		✓	<A	<A		
Formal Tendering process undertaken in accordance with the Trust's Financial Regulations required for goods/services totalling between £50,000 and UK Procurement thresholds and authorised by the Trust Board.		✓	<A	<A		
Staff Severance/Compensation where non-statutory/non-contractual payment is less than £50,000 (approval required in advance).			✓			

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Staff Severance/Compensation where non-statutory/non-contractual payment is £50,000 or more before tax (approval required in advance).	✓	<A	<A			
Ex-gratia payments.	✓	<A				
Open/close bank accounts.		✓	<A	<A		
Any Two Signatures for cheques and other instruments authorising withdrawal from the Trust and school bank accounts.			✓	✓	✓	
Bank/sponsor loan, overdraft.	✓	<A				
Credit cards (for business use, not personal use and paid in full each month) [para 7.1-7.4]. To be approved/operated in accordance with the Trust's Credit Card Policy and Procedures.			✓	✓	✓	
Authorise Petty Cash balances up to £200, Secondary schools £500 and AP Academies £300.				✓		
Authorise expenditure through petty cash up to a maximum of £30 on any one item.			✓	✓	✓	✓
Enter into insurance arrangements for land, buildings employee liability and other major risks.		✓		✓		
Enter into insurance arrangements for trips, mini bus and other minor risks where a trust agreement has not been negotiated.					✓	
Granting a lease on land and buildings	✓	<A				
Take up a finance lease	✓	<A				

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Take up a leasehold on land and buildings with lease term less than 7 years.		✓	<A			
Take up a leasehold on land and buildings with lease term 7 years or more.	✓	<A				
Take up an operating lease more than 3 years.			✓	<A	<A	
Take up an operating lease 3 years or less following consultation with the CFO.				A>	✓	
Writing off debts and losses which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively.	✓	<A				
Entering into guarantees, indemnities or letters of comfort which exceed 1% of the Trust annual income or £45,000 individually, or 2.5% or 5% of annual income cumulatively.	✓	<A				
Write off unrecoverable bad debts of individual debtor less than or equal to £500 or cumulative debt across debtors in a twelve month period less than or equal to £5,000.				✓	<A	
Write off unrecoverable bad debts of individual debtor in excess of £500 or cumulative debt across debtors in a twelve month period above £5,000.			✓	<A	<A	
Acquiring a freehold on land and buildings.	✓	<A				
Disposing of a freehold on land and buildings.	✓	<A				
Disposing of heritage assets.	✓	<A				
Disposing of assets (not land, buildings or heritage) above NBV of £500.			✓	<A	<A	

	EFSA	Trust Board	CEO	CFO	Executive Leader/ Principal Headteacher/ Head of School	Nominated Budget Holder
Disposing of assets (not land, buildings or heritage) below NBV of £500.				✓	<A	
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 for a contract exceeding £20,000.	✓					
Supplies of goods/services to the Trust by a related party agreed on or after 1.4.19 which would take the total value of contracts with the related party beyond £20,000.	✓					
Supplies of goods/services to the Trust if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same year.	✓					