



WADE DEACON
TRUST

A COMMITMENT TO EXCELLENCE

FINANCIAL PROCEDURES

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A GREAT
PLACE
**TO BE A
PART OF**

SETTING EXECUTIVE PAY

The board of trustees ensures that its decisions about levels of executive pay (including salary and any other benefits) follows a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual is involved in deciding their remuneration. A basic presumption is that executive pay and benefits do not increase at a faster rate than that of teachers, in individual years and over the longer term. Inappropriate pay and benefits can be challenged by the ESFA, particularly in instances of poor financial management of a trust.

The trust must publish on its website, in a separate readily accessible form, the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits for this purpose include salary, other taxable benefits and termination payments, but not the trust's own pension costs. In the case of employees who are trustees, their salary and other benefits will also be disclosed in £5k bandings in the trust's financial statements, as set out in the model trustees' remuneration note in the academies accounts direction.

PUBLIC FUNDS

The Trust adheres to the external audit regime as outlined in the Academies Financial Handbook and as required by Companies House. The appointment of external Auditors is carried out annually and the renewal of engagement is at the discretion of the Trust Board.

The Trust has appointed statutory Auditors, who are registered under the requirements of the Companies Act, to carry out an audit and certify that the accounts are 'true and fair'. The Auditors are engaged to carry out a 'true and fair' audit and a regularity audit.

The engagement letter complies with the requirements of the ESFA for regularity auditing. The Trust publishes their annual accounts on their website in accordance with the deadline set out in the Academies Financial Handbook.

Insurance

Funds for insurance are delegated to the Trust and it must demonstrate it can cover insurable interests under a policy arranged by the Trust Board.

The Audit & Compliance Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with risks and include cover for Trust property when off the premises. The main types of insurance cover which are in place are:

- Premises and contents. These should be insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks
- Business interruption
- Trust Board and employer liability. *The currently recommended minimum level of cover for Trusts is £10m for each*
- Any statutory motor transport insurance
- Loss of assets through fraud or dishonesty on the part of employees
- Personal accident
- Fidelity insurance.

Details of all insurance policies held by the Trust are kept by the Trust SLT.

The insurers are notified of all new risks, property and equipment and vehicles which require insurance or any other alteration affecting existing insurance on a timely basis.

The Trust does not give any indemnity to a third party without the written consent of their insurers.

The Trust immediately informs its insurers of all accidents, losses and other incidents, which may give rise to an insurance claim.

Claims under an insurance policy are authorised by the Chief Operations Officer prior to submission to the insurance company.

Any member of staff using their car for Trust purposes amends their personal insurance for this. The Trust maintains a register of official users.

TRUST IMPROVEMENT PLAN AND BUDGETING

Budgeting

The Board takes an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the trust's educational priorities with the funding they have available.

The Trust Board has a long-term strategic Trust improvement plan, which explains how it intends to use its resources to achieve its aims and objectives. The plan is costed for three years.

Reporting Financial Results

The Trust prepares accounts in the various formats required as specified in the Academies Financial Handbook.

The Trust's financial year runs from 1 September to 31 August and is consistent with the academic year. Annual financial statements are prepared in accordance with the statement of recommended practice (SORP), the requirements of the Companies Act and with the provisions of the academy's accounts direction produced by the ESFA.

The Trust's accounting policies have been approved by the Trust Board and are reviewed annually by the Audit & Compliance Committee.

The management accounts are shared with the LGB Committees and Chief Executive/Accounting Officer every month and made available to all Trustees each month. They are considered and made available to each Audit & Compliance Committee meeting.

At Academy level Budget Holders receive monthly reports showing budgeted expenditure, actual expenditure on an accrual's basis and commitments.

The Chief Finance Officer produces management accounts every month setting out the trust's financial performance and position, including an income and expenditure account, variation to budget report, cash flows and a balance sheet. The trust has selected key financial performance indicators and measures performance against them regularly, including analysis in its annual trustees' report.

Capital Projects

In circumstances where capital projects are undertaken by the Trust, the Trust Board will give consideration as to how these can be best managed within the resources available. Separate project budget monitoring and reporting will be carried out in relation to designated capital projects.

Cash Flow

The Chief Finance Officer is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the extra funds. Similarly plans are made to transfer funds from another bank account or to re-profile General Annual Grant to cover potential cash shortages.

Computerised Accounting System

The Trust's accounting system is computerised. Access to the system is restricted to the Trust's employees and those authorised by the Accounting Officer. The system is accessed by passwords. Passwords are only known by the relevant member of staff and the System Manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password.

Software is installed on the Trust's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files.

Access for Staff who are no longer employed by the Trust is removed as soon as the member of staff leaves.

Reconciliations

The Chief Finance Officer is responsible for ensuring that 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
- All suspense accounts
- Bank balance per the nominal ledger to the bank statement.

The Chief Finance Officer will sign all reconciliations as evidence of review.

Purchasing

The Trust makes its buying decisions in accordance with the principles of value for money, probity and accountability. Contracts are placed on a competitive basis in line with the Trust competitive tendering policy.

Approved Suppliers

The Trust does not maintain a single database of approved regular suppliers. Each Academy is responsible for following the Trust Competitive Tendering policy in respect of purchasing.

The Academies must select suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account.

Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories
- Trade journals
- Supplier catalogues and mail shots
- Information from other Academy Trusts
- Information provided by the DFE/ESFA

Tendering

See the Trust Competitive Tendering Policy

Credit/Charge Card

The objectives of the credit/charge card are:

- To allow Trust personnel access to efficient and alternative means of payment for approved expenses, especially expenses related to business travel and Trust supplies.
- To improve managerial reporting related to purchasing/charge card purchases.
- To improve efficiency and reduce costs of payables processing.
- To reduce the need for petty cash.

See separate Trust charge card policy

Purchase Orders

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through the Academy Finance Offices.

The Ordering Process

- The Budget Holder raises and signs a requisition form stating the number of items and price of the order to be raised. In addition it is acceptable to create requisition forms using the Access (HCSS) purchase requisition function. Any requisitions will have to be approved by the budget holder before being sent to the finance teams.
- The Budget Holder sends the requisition to the Academy Finance team who checks that the Budget Holder has sufficient funds for the purchase
- The Finance Office generates an official order on HCSS
- The computer records all orders placed that have not yet been invoiced.

Each Academy has individual approval limits agreed based upon the make-up of the financial team and SLT. The approval limits must demonstrate that there is adequate segregation of duties and one member of staff alone cannot complete the whole process.

Receipt of Goods

- All goods received are delivered to the Budget Holder who carries out a prima facie check to ensure that the delivery is complete;
- If the delivery is only partly fulfilling an order, the Budget Holder notifies the Finance Office which maintains a record of this;
- The Budget Holder and/or Finance Office follows up any shortages or defective items with the supplier.

Purchase Invoices

- The Finance Office records invoices on the computer as soon as they are received by the Trust
- The Finance Office grid stamps the invoice and passes it to the Budget Holder for approval (email approval is acceptable)

Payment of Invoices

The Finance Office reviews the creditors' ledger regularly and selects invoices for payment. It is the policy of the Trust to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the Trust's advantage.

Invoices are paid within the suppliers' credit terms unless they are disputed.

Payment is made when the Finance Office has made the following checks:

- The purchase is recorded on the purchase ledger
- The purchase represents valid Trust expenditure
- Goods or services were ordered using the Trust's ordering policy
- Goods or services have been received and checked to the order and delivery note
- Payment has not already been made
- Prices agree with quotations, tenders, contracts or catalogue prices
- The arithmetic on the invoice is correct
- The invoice has been correctly coded
- Discounts have been taken where applicable
- VAT is properly accounted for and not claimed on pro-forma invoices

The Finance Office completes the relevant sections of the grid stamp. The School Business Manager (or equivalent) authorises payment, having ensured that the Budget Holder has signed the order and that all of the Trust's procedures have been followed.

The trust's funds must not be used to purchase alcohol for consumption.

Cheque Payment

Cheque payments are not permitted by the Trust unless under exceptional circumstances and agreed by the Chief Finance Officer.

BACs and Same Day Payments

The Trust pays most suppliers by electronic transfer. In this instance the bank payment is set up that two persons are required to authorise the payment, noting that the correct internal controls have been adhered to by the Senior Finance Assistant.

Credit Notes

Credit notes should be cross-referenced to the original invoice. Where a credit note is a contra credit for an invoice that has not been paid the Senior Finance Assistant may sign in place of the Budget Holder.

Completeness of Supplier Balances

Invoices and credit notes are posted to the computer as soon as the Trust receives them. The Finance Office reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

Budget Holders

Budget Holders are informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the Budget Holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget is supplied to each Budget Holder a week after the end of each month and Budget Holders are encouraged to keep their own records of orders placed but not paid for.

PETTY CASH

The Trust discourages petty cash being held. None of the Schools should have petty cash held within the School.

~~In most instances the Trust discourages the use of petty cash by promoting the preferred procurement route. Where petty cash is not reimbursed by BACS, it is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the Imprest system and the maximum balance is £250. The float is reimbursed from the main bank account or appropriate resources. The petty cash tin is held in the safe.~~

~~Payments from petty cash are only made on production of a till receipt or other proof that payment has been made and should exceed £25 in value unless in exceptional circumstances. Petty cash payments are subject to the same authorisation procedures as purchases from the main bank accounts. They are passed for payment by the Finance Team. The person receiving reimbursement signs for the amount received.~~

~~The petty cash float is reconciled on a monthly basis by the Finance Assistant.~~

~~In no circumstances are:~~

- ~~• Personal cheques cashed through petty cash;~~
- ~~• Staff loans paid through petty cash.~~

INCOME

The Trust Board has overall responsibility for ensuring that all income due to the Trust is properly accounted for. Day-to-day responsibility for this is delegated to the Chief Finance Officer.

Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the Academies Financial Handbook.

Receipts are given for all amounts of non-grant income, including transfers between staff.

Letting of Trust Facilities

All lettings are subject to a letting agreement, setting out the terms and conditions of the Trust letting, including the agreed charge.

Trips

Letters are sent to parents requesting payment for voluntary contributions.

Where practical all trips must be paid for using the Academy's online payment portal. Where cash payments are made all monies received for trips are paid to the Finance Office which collects the cash. The Finance Office is responsible for keeping adequate records of income and expenditure on a class list.

All receipts are banked intact.

The Finance Office prepares a final income and expenditure account for each trip which has taken place and reports these to the local FP&P Committee who ensure that money collected and expended for each trip is in accordance with the Trust's charging policy. Where a trip is overfunded by more than £5 per person the money is refunded accordingly (unless the original terms of the trip state otherwise).

Bad Debts

Bad debts are dealt with in line with the requirements set out the Academies Financial Handbook. See also the Trusts Debt Recovery Policy

BANK AND CASH

Bank Facilities

Only the Trust Board can authorise the opening or closing of bank accounts and all Academies must bank with the Trust bankers HSBC.

The Trust does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the Trust is not allowed to borrow funds and that no account should be allowed to become overdrawn. The Trust does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Trust Board's investment policy.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds are subject to the same level of control.

Bank Reconciliations

All bank accounts are reconciled on a monthly basis by the School Business Managers and the Chief Finance Officer reviews all reconciliations, signing them as evidence of review.

FIXED ASSETS

Asset Register

The Chief Finance Officer and ICT Manager maintain the asset registers. The Trust includes details of all assets with a cost greater than £1,000, and 'attractive' items below that value, in the asset register.

The register records:

- Asset description
- Asset number
- Serial number for IT equipment
- Date of acquisition
- Asset cost excluding VAT where applicable
- Source of funding (% of original cost funded from DFE/YPLA grant and % funded from other sources)
- Expected useful economic life and residual value
- Depreciation
- Current book value
- Location

Items used by the Trust but owned by others are included, with a note of ownership. Items under finance leases are identified as such with the termination date of the lease.

All assets are security marked.

Disposal of Assets

All disposals and write-offs of assets are authorised by the Chief Finance Officer. Items no longer required are sold when their estimated residual value exceeds £500.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

All disposals of land, buildings and heritage assets (as described above) must be agreed in advance with the Education Secretary.

The Trust ensures that any disposal maintains the principles of regularity, propriety and value for money.

LEASING

Any leases are undertaken in line with the Academies Financial Handbook. Any new leases entered into are agreed with the external auditors prior to approval to ensure there are correctly classified.

INVESTMENTS

See the separate Trust Investment Policy.