



Finance Policy

Legislation/Guidance		External Checking	
Academies Financial Handbook 2019			
Teaching Unions	Consultation Completed	Public Sector Unions	

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THE ELIZABETHAN ACADEMY

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This policy should be read in conjunction with the following policies:-

- 1. Anti-Fraud & Anti-Corruption**
- 2. Asset Control**
- 3. Charging & Remissions**
- 4. Debt Recovery**
- 5. Expenses**
- 6. Finance Procedures**
- 7. Investment**
- 8. Tender**

1.0 Introduction

The purpose of this policy is to ensure that The Elizabethan Academy (“the Academy”) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Funding Agreement with the Department for Education (DfE).

The Academy must comply with the principles of financial control outlined in the guidance published by the Education & Skills Funding Agency (ESFA) in the Academies Financial Handbook

The Governing Body recognises that it is ultimately responsible for the financial management of the Academy and has produced this policy document to help it fulfil those responsibilities:

All budget holders and Governors will receive an electronic copy of the Finance Policy –The policy should be read by all staff involved with financial systems

2.0 Organisation

Detailed roles and responsibilities and scheme of delegation are specified within the Academy’s Finance Policy which has been approved by the Governing Body. The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Governors and staff. The financial reporting structure is illustrated below:

The Governing Body

2.1 The Governing Body has overall responsibility for the administration of the Academy’s finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the Department for Education and in the Academy’s scheme of Government. The main responsibilities include:

- Approve the Academy’s Finance Policy which includes the Scheme of Delegation of its financial powers and duties to the Finance, Risk and Audit Committee, Principal, Chief Financial & Operations Officer (CFOO) and other staff; including budget virement and expenditure thresholds
- approval of the Academy’s annual budget and minute their approval
- ensure submission of the budget to the EFA within the specified timescale
- notify the EFA of significant changes to the budget
- comply with the EFA’s requirement to obtain its permission before entering into certain transactions
- approve the Academy’s Improvement Plan (including finance plan)
- approve the Academy’s Tendering Policy
- approve and implement the Academy’s Risk Management Strategy and ensure that the Academy’s Risk Register is reviewed and updated on a regular basis
- ensuring that grant from the DfE is used only for the purposes intended;
- manage the Academy’s tax affairs in accordance with legislation and avoid any penalties
- approve the Academy’s accounting policies
- maintain proper accounts
- appoint a registered statutory auditor, avoiding conflicts of interest
- prepare annual financial statements

- maintain an up-to-date Register of Pecuniary Interests for all Governors and staff
 - appointment of the Principal and
 - appointment of the Chief Financial and Operations Officer, in conjunction with the Principal.
 - have in place
 - sound internal control and risk management procedures
 - adequate insurance cover
 - a business continuity plan
- 2.2 The Governing Body recognises that it would be impractical to undertake all the day-to-day activities itself in discharging its responsibilities and it is necessary to delegate some of its functions through committees and the Principal. The delegated powers and duties referred to in this Manual apply to all committees and the Principal, unless otherwise indicated. (See *Appendix 1, Scheme of Delegation*)
- 2.3 The Principal may also delegate, provided the terms of further delegation are clearly made and documented.
- 2.4 Compliance with this Manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Chief Financial & Operations Officer (CFOO), or the Internal Auditor or the Chair of Governors.
- 2.5 In view of the importance and complexity of financial management in the Academy, the governing body has established a Finance, Risk and Audit Committee to enable due consideration to be given to all financial matters.

The Finance, Risk and Audit Committee

- 2.6 The Finance, Risk and Audit Committee is a committee of the Governing Body. The Finance, Risk and Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary. All meetings are minuted and any decisions taken are reported to the next Full Governing Body meeting.

The Finance, Risk and Audit Committee members are:

Chair:	Mrs J McRory
Member 1	Dr D Cheetham
Member 2	Mrs C Horrocks
Member 3	Mrs L Jones
Member 4	Mr S Walker
Member 5	Mr M Evans
Member 6	Mr T Leake
Member 7	Mr C d'Albuquerque (Non-Governor)

It is The Finance, Risk and Audit Committee's responsibility to review the Finance Policy & Finance Procedures annually. The procedures should always comply with the necessary mandatory requirements of the DfE.

The main responsibilities of The Finance, Risk and Audit Committee are detailed in written terms of reference which have been authorised by the Governing Body.

The main responsibilities include, to:

- a) propose the annual budget for the forthcoming financial year and put it to the Full Governing Body for approval.
- b) ensure good financial management and effective internal controls
- c) comply with Funding Agreement and Academies Financial Handbook
- d) keep under review the Academy's actual financial performance compared with the budgeted performance ensuring expenditure stays within agreed limits and to take remedial action as necessary. Such action must be reported to the Full Governing Body. In all cases, liaison must be maintained with the appropriate committees, the Principal and Internal Auditor
- e) ensure sufficient rigour and scrutiny in the budget management process to understand and address variances between the budget that has been set and actual income and expenditure
- f) receive and consider information on financial performance at least three times a year and take appropriate action to ensure ongoing viability
- g) ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies. Also the Charities Acts SORP 2005.
- h) make decisions on expenditure within the delegated powers given to it, including authorising the award of contracts over £40,000.
- i) advise the Governing Body on the appropriateness or otherwise of spending requests outside the delegated powers given to it.
- j) consider and approve the appropriateness of virement requests outside the delegated powers given to it.
- k) be the referral committee for all matters of a non-urgent nature if they are not obviously within the remit of another committee.
- l) consider all aspects of insurance.
- m) monitor the ways in which non-grant funds (school private funds) are administered and spent.
- n) monitor and keep under review the needs and requirements of the Academy before any competitive quotations are accepted.
- o) ensure that the Academy obtains best value when purchasing goods and services
- p) ensure the Committee has the power to delegate tasks to a member of staff or to the Principal.
- q) ensure that there are annual independent checks of assets, the Asset Register and Inventory.
- r) review the Charging & Remissions Policy annually
- s) ensure the Academy has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc and review this on an annual basis

The Audit Committee

2.7 In accordance with the Academies Financial Handbook, all Academies must establish either a dedicated Audit Committee or a committee whose remit includes the functions of an Audit Committee. The Elizabethan Academy has income of less than £10m and a capitalised asset value of less than £50m, therefore, the decision was taken to include the functions the below functions in the Finance, Risk and Audit Committee.

- To review the reports of the Internal Auditor on the effectiveness of the financial procedures and controls. These reports must also be reported to the Full Governing Body.
- Review the Academy's Risk Register including how the identified risks are being managed or mitigated and monitor the implementation of the agreed actions
- Review the Academy's risks to internal financial control and agree a programme of work to address the risks
- To consider and if acceptable approve recommendations from Principal's Performance Management Panel. Any appeals from the Principal will be received by the Chair of the Governors.
- To review and approve pay policy and terms of reference.

The Accounting Officer

2.8 The Principal is the Accounting Officer for the Elizabethan Academy

The Accounting Officer must take personal responsibility for assuring the Governing Body that the Academy complies with the Academies Financial Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

The Accounting Officer is personally responsible to the Governing Body, Parliament and the Accounting Officer of the EFA for the resources under their control and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The responsibilities of the Accounting Officer are specified within the Academies Financial Handbook. The essence of the role is:

- Personal responsibility for the propriety and regularity of the Academy's funds
- Keeping proper financial records and accounts
- Managing opportunities and risks
- Prudent and economical administration
- The avoidance of waste and extravagance
- Ensuring value for money
- The efficient and effective use of all the resources in their charge
- Adhering to the 'seven principles of public life' (*Appendix 2*)
- The day-to-day organisation, staffing and management of the Academy

The Accounting Officer also has a responsibility to advise the Governing Body and the EFA of any instances of irregularity or impropriety, or non-compliance with the terms of the Academy's Funding Agreement.

The Accounting Officer's Statement

The Accounting Officer's Statement on regularity, propriety and compliance must be included in the Academy Trust's Annual Report.

The Statement is a formal declaration by the Trust's Accounting Officer that they have met their personal responsibilities to Parliament for the resources under their control during the year.

A review of the Accounting Officer's Statement must be included with the External Auditors' remit and their opinion on this is addressed jointly to the Academy and to the Secretary of State through the EFA.

The Principal

2.9 Within the framework of the Academy Development Plan, as approved by the Governing Body, the Principal has overall executive responsibility for the Academy's activities including financial activities. Much of the financial responsibility has been delegated to the Chief Financial and Operations Officer (CFOO) but the Principal still retains responsibility for:

- leading and managing the Academy Improvement Plan which is underpinned by sound resource planning and identifies priorities and targets for ensuring that students achieve high standards and make progress, increase teachers' effectiveness and secure improvement of the Academy's performance
- approving new staff appointments within the Academy, except for any senior staff posts which the Governing Body have agreed should be approved by them;
- authorising contracts between £10,000 and £40,000 in conjunction with the Chief Financial & Operations Officer (CFOO);
- ensuring that all relevant EFA financial requirements are implemented
- establishing and maintaining sound internal financial controls which are managed on a daily basis and that procedures are followed by staff to ensure separation of duties and transparency of transactions
- ensuring the effective implementation of current financial systems and procedures described in the Finance Procedures Manual
- ensuring that the funds delegated to the Academy are in accordance with their legal entitlement
- ensuring that financial reports are produced for the Governing Body, EFA and Companies House
- signing cheques in conjunction with the Chief Financial and Operations Officer (CFOO) or other authorised signatories.
- authorising BACS payments in conjunction with the Chief Financial and Operations Officer (CFOO) or other authorised signatories.
- authority to make virement decisions up to £25,000
- authority to make investment decisions up to £50,000

The Chief Financial and Operations Officer (CFOO)

2.10 The Chief Financial and Operations Officer (CFOO) works in close collaboration with the Principal through whom she is responsible to the Governors. The Chief Financial and Operations Officer (CFOO) also has direct access to the Governors via The Finance, Risk and Audit Committee and the Audit & Pay Committee. The main responsibilities of the Chief Financial and Operations Officer (CFOO) are:

- the day to day management of financial issues in the Academy including the establishment and operation of a suitable accounting system;
- the management of the Academy financial position at a strategic and operational level within

- the framework for financial control determined by the Governing Body;
- the maintenance of effective systems of internal control;
- the maintenance of the Academy's accounting records
- preparing medium term financial plans in consultation with the Principal
- preparing and monitoring the budget
- liaising with budget holders and ensuring they receive regular reports
- ensuring purchases are in accordance with the Academy's procurement procedures
- ensuring preparation of monthly payroll information
- ensuring the accuracy and integrity of the Academy's payroll
- obtaining legal advice when appropriate
- ensuring petty cash is managed effectively
- ensuring regular communication with the Internal and External Auditors
- ensuring implementation of the agreed actions contained within the reports of the Internal Auditor
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- the preparation of monthly management accounts to be shared with the Principal, Chair of Trustees and Chair of Finance, Risk and Audit and to provide financial advice to the regular meetings of The Finance, Risk and Audit Committee and Governing Body;
- the preparation and reporting of cash flow position, ensuring cash position is managed robustly
- authorising orders below £10,000 in conjunction with budget holders where appropriate;
- authority to make virement decisions up to £10,000
- the administration of all School bank accounts;
- ensuring cheques are signed by the authorised signatories
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

The Internal Auditor

2.11 The Internal Auditor is appointed by the Governing Body in accordance with the guidance provided in the Academies Financial Handbook and provides Governors with an independent oversight of the Academy's financial affairs. The main duties of the Internal Auditor are to provide the Governing Body with independent assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- there is regular, accurate and appropriate reporting to the Governing Body
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- Financial considerations are fully taken into account in reaching decisions.

The Internal Auditor carries out detailed transaction testing throughout the year within the key financial systems: expenditure, income, payroll, accounting system, budgetary control and bank account.

Following each visit to the Academy a detailed written report is produced with findings, recommendations and agreed actions categorised by priority.

Internal Audit reports are presented to the Audit Risk & Pay Committee and also to the Full Governing Body.

At the end of the year the Internal Auditor provides an annual assurance opinion to Governors based on the work carried out throughout the year.

Other Staff

2.12 Other members of staff, primarily the Business Manager, the Finance Assistant and budget holders will have some financial responsibilities and these are detailed in the following sections of this policy. All staff are responsible for the security of Academy property, for avoiding loss or damage for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

2.13 Business Manager, Responsible to the Chief Financial and Operations Officer (CFOO) for (among other duties):

- Operation of the overall financial functions of the FMS system
- Book-keeping of manual accounting documents as directed by the Chief Financial and Operations Officer (CFOO)
- Control of financial stationery such as official orders, cheques and paying in books
- Reconciliation of all school monies
- Responsible for VAT reimbursement and documentation
- To attend meetings of The Finance, Risk and Audit Committee and Audit Risk & Pay Committee as required
- To liaise closely with payroll staff to ensure all salaries and claims are being entered correctly and that all BACS payments are correct and sent on time
- Maintain records for audit and prepare for audit visits
- Administer supply and overtime claims
- liaising with budget holders, issuing monthly reports, informing CFOO of any concerns
- Provide support to the Chief Financial and Operations Officer (CFOO) in all financial and administrative functions
- Deputise for Chief Financial and Operations Officer (CFOO) in her absence

In cases of emergency, when the Chief Financial and Operations Officer (CFOO) is absent, financial responsibilities may be transferred to the Business Manager. The Principal is to confirm the agreement to accept the transfer of responsibility in writing on each occasion. In the event of any of the above persons being absent together, financial responsibility is transferred to the Principal.

2.14 Finance Assistant: Responsible to the Business Manager for (among other duties):

- Process orders and to receive and distribute supplies through site staff
- Administration of the petty cash system
- Administration of School Fund
- Bank deposits - ensuring appropriate supporting details of any deposits are retained
- Monitor expenditure and process invoices against the original order and arranging payment once delivery of goods or services has been authenticated
- Raising/issuing cheques and banking of all monies including the school fund, ensuring that all income is accurately accounted for and that receipts are given for cash
- Provide support to the Business Manager and Chief Financial and Operations Officer (CFOO) in all financial and administrative functions.
- Process petty cash claims

External Auditors

2.15 The Academy 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 annually to carry out a 'true and fair' audit and a regularity audit. The engagement letter complies with the requirements of the EFA for regularity auditing.

An appropriate letter of engagement is held by the Academy for Audit services.

DATE OF REVIEW:	November 2020
SIGNED ON BEHALF OF SENIOR LEADERSHIP TEAM:	<i>C. d'Albuquerque</i>
DATE:	November 2020
GOVERNING COMMITTEE:	Finance, Risk and Audit
SIGNED ON BEHALF OF GOVERNING BODY:	
DATE:	November 2020
DATE OF NEXT REVIEW:	November 2021

The Elizabethan Academy Trust

Scheme of Delegation

I Summary of Financial Authorisation levels

Delegated Duty	Value	Delegated Authority
Ordering goods and services (* Includes certification of invoices and approval of quotes/contracts)	Up to £1,000	Budget Holder
	Up to £2,000	Academy Business Manager
	Up to £10,000*	Chief Financial and Operations Officer (CFOO)
	Up to £40,000*	Principal
	£40,001 to £50,000	Finance, Risk and Audit Committee
	Over £50,000	Full Governing Body
Tender/Quotations	Up to £2,000	Minimum of one verbal quotation
	£2,001 to £10,000	Minimum of three written quotes being sought with at least 2 being obtained, other than in exceptional circumstances, with the approval of the Governing Body.
	£10,001 to £40,000	4 written quotes being sought with at least 3 being obtained, other than in exceptional circumstances, with the approval of the Governing Body.
	Over £40,001	Formal tendering process, (see Tender Policy) (including advertising in OJEU if over the approved level, currently £172,514 excl VAT (supplies and services), £4,322,012 excl VAT fixed to January 2016)
Tender opening procedures	Contracts up to £40,000	the Principal and Chief Financial and Operations Officer (CFOO) or another member of the Senior Leadership Team
	£40,001 - £60,000	Finance, Risk and Audit Committee
	Contracts over £60,000	Full Governing Body
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	Signatories from either of the following: <ul style="list-style-type: none"> • Principal • Assistant Principal(s) • Chief Financial and Operations Officer (CFOO) • Business Manager

Payroll Documentation		<ul style="list-style-type: none"> Principal Chief Financial and Operations Officer (CFOO) Business Manager/HR Manager
Timesheets Monthly payroll returns Starter/leaver/variation Forms Travel and expense claims		<ul style="list-style-type: none"> Principal Chief Financial and Operations Officer (CFOO) Business Manager HR Manager Budget Holder
Signatories for EFA grant claims and EFA returns	Any	Two signatories (or as required by EFA) from: <ul style="list-style-type: none"> Principal Chair of Governors Chief Financial and Operations Officer (CFOO) Business Manager
Budget virements	Up to £10,000	Chief Financial and Operations Officer (CFOO), with reporting to the Finance, Risk and Audit Committee
	Up to £25,000	Principal, with reporting to the Finance, Risk and Audit Committee
	Over £25,000 and up to £75,000	Finance, Risk and Audit Committee, with reporting to the Governing body
	Over £75,000	Governing body
Investments	Up to £50,000	Principal
	Over £50,000	Governing Body
Disposal of assets	Up to £5,000	Chief Financial and Operations Officer (CFOO), reporting to the Finance, Risk and Audit Committee
	£5,001 to £10,000	Finance, Risk and Audit Committee
	£10,001 to £20,000	Governing Body
	Over £20,000	Governing Body, plus EFA approval required for disposal of assets funded with more than £20,000 of EFA grant, or transferred from an LA at nominal consideration.
Write-off of bad debts	Up to £1,000	CFOO
	£1,001 to £45,000	Governing Body
	Over £45,000	EFA approval required
Purchase or sale of any freehold property	Any	EFA approval required
Granting or taking up of any leasehold or tenancy agreement	Any	EFA approval required

exceeding three years.		
Raising invoices to collect income	Up to £10,000	Chief Financial and Operations Officer (CFOO)
	£10,001 to £20,000	Principal
	£20,001 to £50,000	Finance, Risk and Audit Committee
	Over £50,000	Governing body

Appendix 2

The Seven Principles of Public Life

1. **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

2. **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties

3. **Objectivity**

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office

5. **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands

6. **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

7. **Leadership**

Holders of public office should promote and robustly support these principles by leadership and example and be willing to challenge poor behaviour wherever it occurs