

Financial Procedures Manual & Scheme of Delegation

Approved By	Hujjat School Trust Board
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Owner	HPS SLT
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**HUJJAT
PRIMARY
SCHOOL**

VISION

Hujjat Primary School is a happy and inclusive school inspired by Islamic values. A place where children can indulge their curiosity, develop a love for learning and build the foundation to become ethical, responsible and inspirational members of society.

MISSION

- We will facilitate the well-being and growth of every child's mind, body and character through:
- Nurturing children within a safe and caring learning environment to realise their full potential;
- Providing a broad, balanced, vibrant and inclusive core curriculum that fosters curiosity and outstanding academic achievement;
- Facilitating experiential teaching, enrichment activities that are a feast for the senses, and focused time on health, hygiene and nutrition;
- Fostering learners who are able to think, question and reflect independently;
- Developing confident, respectful and effective communicators who can express themselves and make informed choices;
- Encouraging positive relationships;
- Listening deeply and accepting every child as a gift from God.

This is accomplished through a values curriculum in accordance with the Islamic philosophy of education. Individuals are encouraged to reflect on the qualities of God and develop the virtues of good character as embodied by Prophet Muhammad (Peace be upon him), thus enabling our pupils to apply their knowledge and turn it into action for the benefit of our school and the wider community.

VALUES

- Integrity
- Respect
- Compassion
- Excellence
- Service
- Gratitude

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INTRODUCTION

The purpose of these regulations is to ensure that the academy trust 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 The Trust's funding agreement with the Department for Education (DfE).

The academy must comply with the principles of financial control outlined in the Academy Trust Handbook published by the DfE. These regulations expand on that and provide detailed information on the academy's accounting procedures and systems and should be read by all staff involved with financial systems.

The general conditions that follow are subject to annual review and consideration by the Trust Board, whom must formally minute both the review and any subsequent amendments and approval each year.

The Trust Board confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.

Roles, responsibilities and financial oversight

Framework

Under the Funding Agreement (FA) with the DfE the Academy Trust (AT) must comply with the principles of financial control set out in the Academy Trust Handbook (ATH or Handbook), issued by the Department of Education

Scheme of Financial Delegation

Hujjat Primary School has a Scheme of Financial Delegation that sets out the financial responsibilities retained by the Board of Trustees as well as the delegation to the Finance, Audit, Risk Management and Health & Safety Committee, Headmaster and to other members of staff within the School. A copy of this Schedule is at Appendix 1. This document is reviewed and approved by the Board of Trustees periodically, as reflected in the minutes of their meetings. In addition to the Schedule of Financial Delegation, Trustees are made aware of the Academy funding Agreement and the Academies Financial Handbook as part of their induction training. The School has adopted these documents and incorporated them into its Scheme of Financial Delegation.

Roles and responsibilities

The Members

The members have a similar role to shareholders of a company. Their role is to be kept informed about trust business and should be 'eyes on and hands off.'

Members must not be employees of the trust or carry out any unpaid staff roles on a voluntary basis. There should be significant separation between individuals that are members and those who are trustees.

The Trust Board

The Board have overall responsibility for the administration of the academy's finances and for maintaining the trust as a going concern. The main responsibilities of The Board are prescribed in the Funding Agreement between the academy trust and the DfE and in the academy's scheme of delegation. The responsibilities of The Board are as outlined in the scheme of delegation and also in the Academy Trust Handbook

As a Charitable Company, the Academy Trust is governed by its appointed Trustees (who are also

Directors of the company).

The Trust Board's responsibilities include:

- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the FA, the Articles of Association and the ATH
- Approval of the annual budget
- Approval of delegated financial powers
- Approval of the annual report and accounts

Trustees act with integrity, objectivity and honesty and in the best interests of the School and are prepared to explain their decisions and actions, if required.

The trust board meets at least 6 times per year in accordance with the Academy Trust Handbook or the trust board meets at least 3 times per year which is the minimum required as required by the DFE.

The FRAC Committee

The academy trust will have a Finance, Audit and Risk Committee who will work in close collaboration with the academy trust's central staff. The committee meets at least once per term, but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance and Audit Committee are detailed in the written terms of reference which have been authorised by the board and include the following:

- Initial review and approval of the annual budget
- Monitoring of actual income and expenditure against budget
- Ensuring annual accounts are produced and their initial approval prior to presentation to the Trust Board (see Section 5)
- Review financial policies and recommend for approval to the full Board of Trustees
- Authorising the award of contracts over an annual value of £7,500 up to £12,500
- Authorising changes to the AT personnel establishment in excess of the budget headcount.
- Agreeing and determining appropriate charges for lettings of the premises, in line with the academy's lettings policy
- Ensuring the Register of Business Interests is kept up to date and published on the academy website
- Regularly updating and monitoring the risk register and ensuring the implementation of any mitigating actions.
- Ensuring the academy adheres to the policies and procedures as specified by The Board
- Ensuring the academy has appropriate internal financial controls in place
- Determining the academy's financial priorities through the SDP and making decisions on expenditure within the committees delegated powers.
- Reviewing and monitoring of budget projections / medium term financial plans to ensure the academy's budget is realistic and any financial decisions are sustainable.
- Ensuring the academy has an up to date business continuity plan

The Finance, Audit and Risk Committee confirms that the day-to-day financial management of the academy is delegated to the Headteacher, subject to exceptions contained in these regulations. Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the academy site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual concerned, reported to the Finance, Audit and Risk Committee in writing and incorporated into these conditions.

The Headteacher (Accounting Officer)

The Headteacher is the Accounting Officer (AO), who takes overall responsibility for financial control, and delegates responsibilities to the Chief Financial Officer (CFO), and to any school finance staff.

The essence of the role is a personal responsibility for:

- regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and these regulations, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament.
- propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;
- value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The Accounting Officer also has responsibilities for keeping proper financial records and accounts, and for the management of opportunities and risks.

As AO, the Headteacher is responsible for:

- Approving new staff appointments within the school, in conjunction with the Trust Board.
- Authorising contracts with an annual value up to £7,500
- The management of the AT's financial position at a strategic level, reflecting the longer term financial needs of the AT as determined by the Trust Board.
- Approving BACS payments in conjunction with other authorised signatories.

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The Chief Financial Officer (School Business Manager)

The Chief Financial Officer works in close collaboration with the Accounting Officer through whom they are responsible. The Chief Financial Officer also has direct access to the Board of Trustees via the Finance and Audit Committee.

The CFO will work with the Headteacher and Senior Leadership Team to ensure the academy's financial processes and finance policies are followed. They will be responsible for the effective use of resources within the organisation and will notify the Headteacher of any issues.

The CFO (SBM) main responsibilities are:

- The preparation of monthly management accounts, including the monitoring of actual income and expenditure against budget
- The maintenance of effective systems of financial control
- The preparation of annual accounts, if necessary with the assistance of the AT's external auditor (see Section 5).
- The day to day management of finance matters including the establishment and operation of a suitable accounting system
- Ensuring forms and returns are sent to the DfE in line with timetable deadlines.

Other staff

Other members of staff will have some specific financial responsibilities and these are detailed in the following sections of the manual. All staff are responsible for the security of AT property, for avoiding loss or damage, for ensuring economy and efficiency and for conformity with AT's financial procedures.

Governance Professional (Clerk to the Board)

The academy trust will appoint a suitably qualified governance professional/clerk to the board who is someone other than a trustee or headteacher.

General Requirement

All employees of the academy are expected to act professionally and with integrity and follow the internal control framework and financial policies of the academy. All staff with financial management responsibilities should have access to the information and training required to perform their financial duties.

Financial oversight

The following requirements of the ATH must be in place:

Bank accounts, financial systems and financial records must be operated by more than one person (Section 3)

Measures must be in place to safeguard assets, to prevent loss or misuse (Section 3)

Full and accurate accounting records must be maintained (Section 3)

Annual accounts must be prepared (Section 5)

There must be a written scheme of delegation of financial powers so that it is clear who is responsible for what (Section 6)

The Trust Board must be satisfied that the AT's finance staff are suitably qualified and/or experienced.

Financial planning and monitoring

The AT prepares financial plans as follows:

- 3 year rolling strategic plan – financial plans prepared as part of the AT's strategic planning process - high level projections linking anticipated income levels to resource planning.
- Annual budget, detailed budget identifying revenues by source and expenditure by cost type and budget holder.

Strategic plan projections

The strategic plan projections, once established, should be updated annually when the budget for the coming year is prepared, with Year 1 being the annual budget for the next year. The strategic plan projections will run alongside the AT's narrative plan, must reflect the allocation of resources to achieve the AT's longer term plans and should include:

- Income and expenditure projections
- Pupil led income based on anticipated future pupil numbers
- Other income based on documented assumptions
- Proposed use of accumulated surpluses (GAG plus unrestricted funds)
- Documented assumptions supporting expenditure
- Capital expenditure projections, based on planned capital schemes and anticipated funding sources, including accumulated surpluses and unspent capital funds

- Balance sheet projections, showing the build-up and use of accumulated surpluses, and the retention of reserves for contingencies, as appropriate.

Budget

The CFO (SBM) is responsible for drafting the annual budget, which must be approved by the Headteacher, FRAC Committee and Trust Board, and submitted to the DFE by August.

Any significant changes to the budget post submission to the DFE must be approved by the Trust Board and notified to DFE.

The finalised budget must be communicated to all members of staff with budgetary control responsibilities.

The budget must be balanced, taking into account the AT's reserves policy; the use of accumulated surpluses to subsidise current year operations; or the planned retention of current year surpluses.

The budgeting process will include:

- Forecasts of likely pupil numbers and the latest estimate of GAG receivable
- Latest estimates of other DFE/LA funding, based on expected levels (e.g. Pupil Premium, SEN)
- Estimates for other income, based on prior years and known variations
- Use of accumulated surpluses (GAG plus unrestricted funds)
- Review of past expenditure performance against budgets; identification of efficiency savings and consideration of known changes (e.g. pay increases, inflation)
- The pay budget to be supported by a list of known and planned staff, fully costed.
- A statement of the Headteacher assumptions, highlighting areas of vulnerability and outlining possible remedial actions should a shortfall arise if these assumptions do not hold.

Budget monitoring

Monthly reports must be prepared by the CFO (SBM) detailing actual income and expenditure against budget, for review by the Headteacher (monthly) and the FRAC Committee (each meeting).

Summary financial reports should be presented at least termly to the full Trust Board and shared with the Chair of Trust monthly.

Budget holders must not initiate transactions on an overspent budget or which would result in a budget overspend, without prior approval of the CFO (SBM) and, if the CFO (SBM) is responsible for the budget heading, the Headteacher.

If a potential or actual overspend against budget (or underachievement of income) is identified (either by the budget holder or CFO (SBM)), the reason for the overspend must be established and reported to the Headteacher and the FRAC Committee, together with a recommendation for action.

If the recommendation for action is the virement of funds from one budget to another, such virements must be authorised in accordance with the Scheme of Delegation

Cash management

The CFO (SBM) must prepare monthly cash flow forecasts to help ensure that the bank account is not overdrawn and the AT abides by its contractual obligations (pays on time). The forecast should be updated monthly to reflect the actual revised opening cash balance. It should comprise a month by month rolling forecast of income and expenditure and should reflect:

- Known opening balance
- Known receipts from the DFE, LA and other grants
- Estimates of pay cost including NIC and pension contributions
- Estimates of routine non-pay expenditure
- Known/expected non-routine expenditure

- Receipts and payments re capital schemes
- VAT
- Forecast closing balances for the following twelve month ends

In the event that these forecasts identify any potential cash shortfalls, the CFO (SBM) must notify the Headteacher and report to the FRAC Committee.

Resource Management

The trust will ensure that it manages its resources effectively. To support with fulfilling this responsibility they will ensure that the following is carried out;

- Carrying out regular benchmarking with other trusts in a similar context
- Annually completing the Schools Resource Management Self-Assessment Checklist and preparing an action plan. The completed checklist must be submitted by their required deadline
- Engaging with the DfE's approved frameworks when procuring goods and services.
- Ensuring curriculum is integrated with the trusts financial planning strategy
- Ensuring academy staffing structure is reviewed regularly and is integrated with the trusts financial planning strategy
- Ensuring the trust has an estate vision, strategy and asset management plan with appropriate provision in its budget to support this

Financial Returns

The CFO will be responsible for preparing all the financial returns required by the DFE. All returns will be completed in the required timescales.

In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by The Board. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website at:

http://www.charitycommission.gov.uk/Charity_requirements_guidance/Accounting_and_reporting/Preparing_charity_accounts/

The Trust Board is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the DFE by the required deadlines. Details of the financial information required are as set out in the latest Accounts Direction for the year being reported.

In addition to submitting accounts, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.

The DFE require the Academy to publish its Annual Accounts and Annual Report by 31st January. This will be done via the academy's trusts website.

The trust's audited accounts must be provided to the members.

Capital schemes

Capital schemes expose the AT to substantial risks. In many cases, the expertise required to oversee such schemes will not be available from within the AT's staff. Whenever a scheme is initiated, the FRAC Committee must decide whether to engage external specialists (perhaps from the LA) to manage the project on behalf of the AT.

If external project managers are not appointed, the CFO (SBM), in consultation with the Headteacher, must establish project management procedures, in writing, for approval by the FRAC Committee. These procedures must cover the following:

- Plans and planning consents
- VAT recovery
- Contractor selection and contract structure
- Project timetable with milestones
- Monitoring construction progress/quality assessment
- Payment profile and cash flow management (inc. VAT)
- Final sign off

Risk management and internal control

Risk management

The Handbook requires that the school has risk management arrangements in place.

The trust board has overall responsibility for risk management and must not delegate overall responsibility to a committee. The trust board must maintain a risk register. The Finance, Audit and Risk Committee will support the trust's risk management strategy by ensuring that they prepare a local risk register which is regularly maintained and submitted for monitoring to The Board. It should identify significant risks. A copy of the register should be presented to The Board at every meeting.

Where risks arise that threaten the reputation of the academy trust or the financial viability of the academy, they should be notified to The Board immediately.

A contingency and business continuity plan is also required, which is the responsibility of the CFO (SBM) and which must be approved, following review by the FRAC Committee, by the Trust Board. Adequate insurance cover must be in place. This is the responsibility of the CFO (SBM), in consultation with the AO and approved by the FRAC Committee.

Risk register

The Trust Board must agree the main financial risks that the AT faces and assess the likelihood of occurrence and materiality of each risk. A risk register is a vehicle for achieving this and should be maintained. The register will include as a minimum the following key financial risks and descriptions of the controls in place to mitigate:

- Overspend budget, caused by weak expenditure management
- Overspend budget, caused by poor budgeting
- Receive less income than budgeted, caused by poor budgeting
- Overspend on capital schemes
- Short term cash shortages
- Long term cash shortages – insufficient reserves
- Improper or irregular use of funds
- Errors in accounts caused by inadequately skilled/experienced finance staff
- Loss caused by lack of security over assets, including cash

- Fraudulent payments to suppliers
- Fraudulent payments to staff
- Insufficient insurance cover

Internal control

Segregation of duties

It is the responsibility of the CFO (SBM) to ensure adequate segregation of duties. This could include:

- a) Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee
- b) Authorisation – the authorisation of a transaction such as a purchase order and the payment
- c) Payment – the raising of cheques / BACS and cheque / BACS signatories.
- d) Custody – the holding of goods and services.
- e) Recording – the completion of the accounting records

Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

Ensuring delegated financial authorities are respected

The Scheme of Delegation is included at Appendix A

Fraud and theft

The establishment of effective segregation of duties combined with the detailed controls set out in this section are designed to minimise the risk of fraud and theft. In the event that fraud or theft of any level is identified, the Headteacher must report this to the Trust Board and, if the amount involved exceeds the sum notified by the DFE annually in the ATH, the DFE must be notified.

Accounting Arrangments

Nominal ledger/accounting system System security

Entry to the accounting system is password protected and the CFO (SBM) is responsible for implementing an appropriate level of system security. Only appropriate staff should be granted access, determined and authorised by the CFO (SBM).

Passwords should be changed at least every 120 days. There should be effective back up procedures for the accounting system.

The academy trust will have a standard chart of accounts. Requests to set up new ledger codes need to be made to the CFO.

Journal entries

All journal entries must be documented and the journal audit trail together with the supporting documentation should be reviewed and authorised regularly by the CFO (SBM) evidenced by a signature on the audit trail.

Transaction reports

The CFO (SBM) will obtain and review system reports on a monthly basis to ensure that only regular transactions are posted to the accounting system. Any irregular transactions should be documented and authorised. The reports obtained and reviewed will include: The monthly audit trail report. To the extent that a transaction involves the allocation of costs against restricted funds, the CFO (SBM) must be satisfied that the funds have been spent in accordance with the fund restrictions.

Additions/removals to master-files for payroll, purchase ledger and sales ledger.

Reconciliations

The CFO (SBM) is responsible for ensuring the following reconciliations are performed each month, and ensuring that any reconciling items are cleared:

- Sales ledger control account
- Purchase ledger control account
- Wages control account
- Suspense account
- Bank balance/s per the nominal ledger to the bank statement

Funds

The ledger should be maintained so as to enable all revenues and costs to be allocated to the appropriate category of funds. These categories will include GAG (for the majority of costs, managed through the main budgetary control system), Pupil Premium, SEN, Specific Capital Projects, Devolved Capital, Trips, Clubs, Unrestricted funds.

The CFO (SBM) must ensure that there is a system in place to allocate costs against restricted funds and monitor the level of unspent amounts and must report on this process to the FRAC Committee.

Income and debtors Grant income

The CFO (SBM) is responsible for ensuring that all grants due to the academy are collected. The CFO (SBM) should maintain a record of the total income expected and, as part of the review of monthly budget monitoring reports, establish that the correct amount of grant income has been received.

Other income and debtors Catering

Catering at Hujjat Primary School is operated by an outside contractor. No money is collected from parents as children in EYFS/KS1 are funded via UFSM and KS2 children funded through London Mayor UFSM programme.

School trips

A lead teacher must be appointed to take responsibility for each trip. The lead teacher must advise the CFO (SBM) if money is to be collected for the trip. The lead teacher must prepare a letter for parents/carers of each student intending to go on the trip showing the amount due. A copy of the record must be given to the CFO (SBM).

Parents should make payments via the appointed online payment system. (ARBOR)

The CFO (SBM) should maintain an up to date record for each student showing the amount paid and the amount outstanding.

Trips should be run at cost price. Any surplus greater than £10 per pupil should be redistributed to the parents. If the school decides to subsidise school trips, the amount of subsidy must be approved by the Headteacher in advance of the booking being made.

Uniforms

No uniform stock is currently kept in school.

Lettings

The CFO (SBM) is responsible for maintaining records of bookings of the facilities and for identifying the sums due from each organisation. Unless approved by the Headteacher, payments must be made in advance for the use of facilities.

For approved credit users, details of the organisations using the facilities should be sent to the CFO (SBM) who will establish a sales ledger account and produce a sales invoice.

Other sundry income

All income from other sources (e.g. educational consultancy, shared services, sponsorship, donations) must be priced in consultation with the CFO (SBM) and an invoice raised. No value must pass (goods, services) until the price has been agreed and the credit worthiness of the customer assessed. It is the responsibility of the CFO (SBM) to approve all credit arrangements.

VAT
Hujjat Primary School is not VAT registered.

The CFO (SBM) is responsible for reclaiming VAT paid out by the timely submission of the VAT 126 form.

Debts

A reminder is sent for outstanding debts 6 weeks after the original invoice. A second reminder is to be sent after a further three weeks. Debts outstanding over 10 weeks and £500 in value are to be reported to the FRAC Committee.

Unrecoverable debts

Debts under £500 can be written off on the approval of the Headteacher. Debts exceeding £500 require the approval of the FRAC Committee and the Trust Board must be informed of all debts written off. The ESFA's approval is also required if debts to be written off are above the value set out in the ATH.

Purchases, payments and creditors Ordering

An official numbered purchase order must be raised on the computer financial software for all goods and services except utilities, rates etc. over the value of £250. The purchase order should contain details of supplier, items, reference number, unit cost and quantity. The supplier should be chosen from the list of approved suppliers. A price must always be obtained before any order is placed. If the order is not from an approved supplier the Headteacher must agree the purchase before the form is completed.

The purchase order should include details of the budget cost code and expense code to be charged. The completed form must be authorised by the Headteacher.

Once the purchase order has been authorised, a copy of the PO is placed on file.

Goods received

On receipt of the goods, the school office must undertake a detailed check of goods against the PO and any accompanying goods received note. Any issues should be addressed by the school office with the supplier and details notified to the CFO (SBM) to be recorded on the PO.

Receipt of the goods must be confirmed by signing the delivery note. The CFO (SBM) should check that only goods/services received have been invoiced. This must occur within 7 days of the invoice receipt.

Invoices

All invoices should be sent to the CFO (SBM). The invoice is then matched to the completed purchase order, and the quantity and price checked. Any invoice that does not agree to the original order must be signed by the CFO (SBM) /Headteacher to confirm acceptance.

After the CFO (SBM) has confirmed that the invoice is correct and the delivery note has been signed, the invoice may be posted to the purchase ledger.

To the extent that the purchase involves expenditure against restricted funds, and is therefore to be coded to the relevant restricted fund nominal ledger account, the CFO (SBM) must be satisfied that the funds have been spent in accordance with the fund restrictions.

At each month end a list of orders > 30 days old that remain unpaid will be reviewed and followed up by the CFO (SBM).

Payments

The CFO (SBM) reviews the invoices awaiting payment file weekly, to determine which invoices may be paid and check that all control procedures have been properly actioned. The CFO (SBM) should ensure that invoices are paid to obtain any discounts offered and to derive full benefit from the supplier's credit period.

Cheques or BACS batch will then be generated for the payment of these invoices.

This will be checked by the CFO (SBM) and Headteacher for accuracy before authorisation and payment take place. Once paid, the invoice will be filed.

Low Value Goods under £5,000

Use catalogues to find low value goods. Compare prices and quality across suppliers

Low to Median value goods £5,000-£39,000

Get at least 3 quotes from suppliers. Quotes should be retained as evidence. All such orders must be authorised by the FRAC Committee.

High value goods - Orders over £40,000

All orders with a value of over £40,000 or for a series of contracts with a total value of £40,000 must be subject to a formal tendering procedure. Tender advertising and award authorisation levels are set out in the Scheme of Delegation (Appendix A). Purchases over the PCR threshold £214,904 excluding VAT (threshold from 01/01/2024) may fall under EU procurement rules which require advertising in the official journal of the EU.

Tendering

There are three forms of tender procedure: open, restricted and negotiated:

Open Tender - This is the preferred method. All potential suppliers are invited to tender. The budget holder together with the CFO (SBM) must decide how to advertise for suppliers.

Restricted Tender - Suppliers are specifically invited to tender. This is appropriate where there is a need to maintain a balance between the contract value and administration costs; only specific suppliers can be expected to satisfy the requirements or where the costs of an open tender are expected to outweigh the benefits.

Negotiated Tender - Terms are negotiated with one or more chosen suppliers. This is appropriate where the above methods have resulted in no acceptable responses, only very few suppliers are available, extreme urgency exists or additional deliveries by an existing supplier are justified.

Where an invitation to tender is used this should include the project background, scope, technical requirements, implementation of the project, terms and conditions of the tender and a form of response. The invitation should also include the date and time that the completed tender document should be received by the academy.

Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be marked with the time and date of receipt and stored in a secure place prior to tender opening.

Tenders received after the submission deadline should not normally be accepted. All tenders submitted should be opened at the same time in the presence of two of the following people: the Headteacher, Chair of Trustees or the CFO (SBM) (where the contract is less than £25,000), or where the contract value is > £25,000 the Headteacher with a member of the FRAC Committee.

A separate record of the name of each firm tendering and the value should be established and signed by both people present at the opening.

The evaluation process should involve at least two people. They must disclose any interests that may impact on their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Those involved must not accept gifts or hospitality from potential suppliers. Full records must be kept of all criteria used for evaluation. For contracts over £25,000 a report must be prepared for the FRAC Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the FRAC Committee.

DfE approval must be obtained before acceptance where this is required by the conditions attached to a grant.

Payroll

Staff appointments

The Trust Board approves a personnel establishment annually, as part of the budget. Changes can only be made to this establishment with the express approval of the FRAC Committee who must ensure that adequate budgetary provision exists.

The Headteacher has authority to appoint staff within the authorised establishment, in consultation with the Personnel Committee. All personnel changes must be notified to the FRAC Committee. All staff vacancies must be advertised, internally and/or externally.

Payroll administration

Personnel files are maintained by the CFO (SBM), which must contain signed contracts of employment for all staff.

Payroll processing is administered by Dataplan (the Payroll Provider) under a Service Level Agreement. All staff are paid monthly.

The CFO (SBM) is responsible for checking that all payroll information is correctly entered onto the payroll portal and any changes or amendments are supported by appropriately authorised documentation.

All changes to the salaries of the Headteacher must be authorised by the Pay Committee. All changes for other staff must be authorised by the Headteacher.

The CFO (SBM) must ensure that the Payroll Provider has (in time for monthly processing) complete details of: absences or unpaid leave; new appointments, contract amendments; terminations; overtime or other payments (including expenses). This information has to be authorised prior to dispatch to the Payroll Provider. All authorised documents must be retained on the personnel files.

The CFO (SBM) is responsible for reviewing the payroll on a monthly basis and ensuring that the changes notified are reflected in the payroll.

Payments

After the payroll has been processed but before payments are made, the Payroll provider will send a Gross Pay Comparison report which compares gross pay by individual compared to the previous month. This report must be reviewed by the Headteacher prior to instructing the Payroll provider to make payment.

After the payroll has been processed, the payroll Provider will upload payroll reports to the payroll portal. The CFO (SBM) will process the payroll posting journals and will compare the amounts to budgets and reconcile to the wages control account. From the information provided, the payroll provider will prepare payments to be made to the pension agencies and HMRC.

Expenses

Reasonable expenses can be defined as: -

Mileage expenses – the use of own car on school business (excluding to and from work mileage)

Parking expenses – whilst on school business

Subsistence – where staff have incurred ‘additional’ expenses in the course of their work, e.g. official hospitality for staff who are travelling in performance of their duties and are prevented from taking meals at home or at school

Anything outside of the above would be subject to approval by the Headteacher and should be agreed prior to the expense being incurred. The general expectations for claims are that:

- Journeys are necessary
- Travel is by the shortest reasonable route
- All receipts must be attached to claim forms
- Payments of gratuities and purchase of beverages are the personal responsibility of the individual concerned and will not be reimbursed

All expense claims should be approved as follows:

- Staff expenses to be approved by the Headteacher
- Headteacher expenses to be approved by Chair of Trustees

Staff severance payments

The guidance on staff severance in the context of the proper use of public funds is detailed in the Academies Financial Handbook and must be referred to in all cases where staff severance payments are being considered.

Annual review of payroll arrangements

On an annual basis the CFO (SBM) must check that, for each member of staff, the gross pay per the payroll system agrees with the contract of employment.

Fixed assets Capital schemes

See Section 2, above.

Fixed asset register (FAR)

The CFO should ensure that all items which have a useful life and value lasting more than one year and which is above the de minimis level set in the Trusts accounting policies (currently £1000) are recorded on a fixed asset register and capitalised in the accounting system. The asset register should include the following information.

Asset description
Asset number
Date of acquisition
Location
Name of member of staff responsible for asset
Asset cost
Expected useful economic life
Depreciation
Current book value

Condition of the items should be reviewed annually, and adjustments made to the register if required.

Asset security

All items included in the FAR should be permanently and visibly marked as the AT's property.

An annual check should be done to ensure that all assets included on the register exist and are unimpaired. Any differences should be investigated and, if significant, reported to the Trust Board.

Disposals

The guidance on asset sales in the context of the proper use of public funds is set out in the ATH, which should be referred to whenever assets are being considered for disposal. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher for assets with original cost of less than £500 and by the FRAC Committee for assets with an original cost in excess of this. For all asset disposals where expected proceeds exceeds £1,000, the Headteacher must ensure that a competitive bidding/tendering process is undertaken if the nature of the asset permits. If this cannot be achieved the method adopted to ensure value for money must be approved by the Trust Board.

Loan of assets

If a member of staff wishes to borrow an asset for personal use this must be organised through the Headteacher. The Headteacher must keep a record of the loan and check the condition of the asset on its return. Loans must be for short periods only to avoid potential benefit-in-kind tax consequences.

Stocks

Regardless of whether stocks of goods for resale (e.g. uniforms, sports equipment) are to be included within the AT's annual balance sheet, then a formal stock take should be undertaken at 31 August. The stock take should record each type of item held, and the number in stock. This should then be extended to record the associated cost of each item to give a closing stock figure.

A reconciliation should then be performed to this year-end figure, adding opening stock at cost to purchases at cost and deducting sales (reduced to cost by reducing sales value by an estimate of the known mark-up on goods sold). Any significant shortages should be identified by this reconciliation.

Bank and cash

The opening of all bank accounts must be authorised by the Trust Board who must set out in a memorandum the arrangements covering the operation of the accounts including any transfers and cheque signing arrangements/BACS authorisation arrangements.

The main bank account is held with Lloyds Bank Plc.

The FO is responsible for carrying out monthly bank statement reconciliations for all bank accounts within two weeks of receipt. Any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken.

BACS payments to suppliers

The School Business Manager will oversee the arrangements regarding BACS payments to suppliers. The SBM will raise a batch of payments through the Schools accounting software.

An accompanying report with invoices attached will be passed for signing by the Headteacher (or Deputy Head if delegated by the HT).

Once approved, the SBM will process the batch via Lloyds Commercial Banking Online for payment.

On initial set up the SBM will contact the supplier for written confirmation of their bank details using the new supplier form

Any subsequent changes thereafter the SBM will telephone the company to verify their bank details and will write/sign on the letter that this has been completed

Changing Account Signatories

All changes to the authorised signatures must be approved by the FRAC Committee.

Direct Debits & Standing Orders

The SBM will maintain a schedule of all direct debits and standing orders set up on the School's account showing:

- payee
- reason for payment
- amount
- date set up
- frequency / timing of payment

These are only set up after careful consideration regarding the risk of error and the Schools ability to meet the on-going cost.

All direct debits, standing orders & BACS payments reflected on the bank statements are reconciled to the invoices received and any receipts obtained (e.g. use of the School Lloyd's commercial card). The supporting documentation is filed with the paid invoices.

Internet Purchases

At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.

The CFO will be authorised to place online purchases. The internet order must be raised in the name of the academy with the academy's address, not to an individual.

Requests should be made to the SBM from the budget holder in the normal manner and authorised as specified. Where possible the official order number should be quoted on the internet order as a cross reference.

It is the responsibility of the CFO to ensure the internet is the most appropriate means for procurement.

The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the academy's normal payment route.

Payment by an individual's personal credit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to, and the academy retains the right to refuse to reimburse the individual if the academy's procedures are not followed.

Reimbursement to individuals should be made in the normal manner upon production of an original invoice / receipt.

Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the academy is to recover any VAT element.

All purchases should only be made from secure websites that the CFO has gained reassurance are safe and free from fraudulent activity. The use of online auction websites is not recommended.

Commercial Business Card

A Commercial Business credit card is held in the name of the Headteacher and Deputy Headteacher and is kept securely in a locked drawer.

A credit limit of £2,000 has been set and any balance is repaid monthly in full, to avoid any borrowing risk.

The monthly statement is reconciled and invoices/receipts for payments made are attached to the statement. This is checked by the SBM and approved by the Headteacher.

Screwfix (Trade UK) Account Card

A Screwfix (Trade UK) account card with a £500 monthly limit is held by the school. This may be used by the Premises Manager to purchase emergency resources needed for repairs and maintenance up to £150. Anything over £150 needs to be authorised by the SBM (up to £250) and anything over £250 by the Headteacher via a Purchase Order.

Invoices for all purchases are sent by email to the finance email account for approval and receipts obtained for all purchases. Payment is made by BACS as with other suppliers.

Reconciliation Process

Printed bank statements are received from the bank on a monthly basis, but on-line access is available at all times. The SBM is responsible for overseeing the reconciliation of all accounts undertaken by the finance team. The reconciliation must be done at least on a monthly basis. Once the items on the bank statements have been cleared, the list of unreconciled items is reviewed, and examined for old expenditure items and outstanding income items.

Once the reconciliation process has been completed, the 'bank reconciliation' reports are retained.

Deposits

Particulars of any bank deposit must be entered on a copy paying in slip, counterfoil or listed in a supporting book. The details must include the amount and a reference such as the name of

the debtor

Petty cash

Currently no petty cash is used or kept in school.

Proper and regular use of public funds

Handbook requirements

The ATH sets out the requirements of the AT to put in place procedures to ensure regularity and propriety in the use of public funds. To comply, the AT must:

Establish controls to ensure that spending has been for the purpose intended (Section 3) Maintain a register of trustees' business interests (below)

Establish controls to ensure no payments are made to Trustees or other related parties, unless permitted (Section 3)

Ensure payments made to senior employees comply with the DfE's directions re avoidance of tax (Section 3)

Ensure a competitive tendering policy is in place and applied (Section 3) Assets are not disposed of without appropriate consent (Section 3)

The Accounting Officer's statement on governance, regularity, propriety and compliance must be included in the AT's annual report. The AO also has a responsibility to advise the Trust Board and the ESFA on any instances of irregularity or impropriety, or non-compliance with the terms of the Funding Agreement.

Payments to Trustees, employees or other related parties

Trustees and staff will avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. A register of hospitality and gifts received shall be maintained. Unless an individual has provided clear evidence of self-employed status all payments to individuals will be processed only through the payroll system.

Trustees will receive no remuneration for their work other than payment of reasonable out of pocket expenses such as travel or accommodation charges incurred in connection with their duties as a Trustee.

Abnormal transactions and delegated authorities

The following non-routine transactions are identified in the ATH:

- Overpayments
- Unrecoverable debts
- Guarantees, letters of comfort and indemnities
- Losses of stock and other assets
- Gifts or hospitality received or given
- Gifts of surplus assets
- Staff severance payments and compensation
- Asset sales, leases and tenancy agreements

For all of the transactions above and any other transaction which falls outside the usual

planned range of activities, the AT should obtain relevant professional advice where appropriate; ensure decisions reflect value for money; agree internal delegation levels; and disclose the aggregate of such transactions in the annual accounts, detailing each individual transaction greater than £5,000. All abnormal transactions must be reported to the Trust Board, regardless of the internal approval delegated authorities.

If the AT is involved in any of the above non-routine transactions, the guidance (including prescribed delegated limits) in Sections 2.4 and 2.6 of the ATH must be followed.

One of the recommendations of the ATH is that the AT should set internal delegation levels for the approval of the above non-routine transactions. These delegation levels are included in Appendix A below.

Purchase of alcohol

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

Other matters Fees and charges

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

Whistleblowing

The following procedures must be followed by any member of staff who has concerns regarding the propriety or regularity of any activity undertaken by the AT or a member of its staff:

- Unless it is inappropriate to do so, the member of staff must initially express their concerns to the Headteacher
- In the unlikely event that the concerns are such that it would be inappropriate to address these with the Headteacher (and only in these rare circumstances), the member of staff must express their concerns the Chair of Trustees
- In the very unlikely event that the concerns are such that this would also be inappropriate (and only in these extremely rare circumstances), the member of staff must contact the ESFA.

Hujjat Primary School has a Whistleblowing Policy in place, which is available on the school's SharePoint. All staff have access to SharePoint, and should be made aware of these whistleblowing procedures.

Borrowing

ESFA approval is required for borrowing and certain other similar liabilities (leases, tenancies, indemnities). In the event that the AT considers entering into any such transaction, full Trust Board approval is required.

Managing surplus GAG

Section 2.6 of the ATH sets out the ESFA's guidance on the use of GAG 'carry-forward' and its monitoring arrangements. This is required reading for the Headteacher and the CFO (SBM). There must be a clear plan which demonstrates how the surplus funds are to be used for the benefit of the current pupils of the AT. This plan must be put to the Full Trust Board and approved formally at the time of the approval of the annual report and accounts.

Conflicts of Interest / Related Parties The members and trustees have an obligation to act in the best interests of the Trust and in accordance with any of the Trust's governing policy documents, all staff and even volunteers have similar obligations.

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the trust.

Such conflicts may create problems; they can:

- Inhibit free discussion
- Result in decisions or actions that are not in the interests of the trust
- Risk the impression that the trust has acted improperly.

Register of business interests & declaration of interests

Trustees and staff with significant financial powers must declare any financial interest they have in organisations or individuals from which the AT may be making purchases.

Accordingly, we ask members and trustees to declare their interests and any gifts or hospitality received in connection with their role in the Trust. A declaration of interests form is provided for this purpose, listing the types of interest that should be declared. The register is open to public inspection. All Trustees and relevant staff will be asked to confirm on an annual basis that the register of interest is up to date and complete.

The register should include all business interests, such as directorships, shareholdings and other appointments within a business or organisation which may have dealings with the AT. The disclosures should also include business interests of relatives or business partners where influence could be exerted.

The register of business interests does not detract from the duties of Trustees and staff to declare interests whenever they are being discussed by the Trust Board or a Committee. Where an interest in a matter has been declared, Trustees and staff should not attend the part of the meeting dealing with the matter.

Data Protection

The information provided will be processed in accordance with data protection principles as set out under GDPR. Data will be processed only to ensure that members and trustees act in the best interests of the Trust. The information provided will not be used for any other purpose.

What to do if you face a conflict of interest

You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. You may, however, participate in discussions from which you may indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal.

If you fail to declare an interest that is known to the Clerk, CFO (SBM) and/or the Chair of the Trust, the Clerk, CFO (SBM) and/or the Chair of the Trust will declare that interest.

Decisions taken where a trustee, trustee or member of staff has an interest

In the event of the Board (Trustees) having to decide upon a question in which a member or trustee has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate.

Interested Board members may not vote on matters affecting their own interests. They may participate in the discussion but not the decision-making process.

All decisions under a conflict of interest will be recorded by the clerk and reported in the minutes of the meeting. The report will record:

- The nature and extent of the conflict;
- An outline of the discussion;
- The actions taken to manage the conflict.

A *de minimis* exemption applies to contracts less than £500 in value. Random checks against the register of interest will be made on the award of contracts below this value. If the cumulative value of a series of small contracts with same member/trustee exceeds £1,000 the policy will be used for all individual contracts for that member/employee. The

de minimis exemption does not apply to contracts of employment with the Trust.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures [through an EGM or AGM].

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

Novel, contentious and repercussive transactions

Novel, contentious and/or repercussive transactions must always be referred to ESFA for approval, and the request must be made to ESFA before the transaction occurs. ESFA may refer such transactions to HM Treasury for approval, so trusts should allow sufficient time for proposals to be considered. The Accounting Officer and Chief Financial Officer will determine whether a forthcoming payment falls within these categories and ensure that they are referred using the ESFA enquiry form at least 1 month before the purchase order is raised.

- Novel transactions are those of which the academy trust has no experience, or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Annual accounts and audit

Overview of audit arrangements

Audit requirements are set out in detail in Part 3 of the ATH and are not reproduced in this FPM.

External auditors must be appointed (and if necessary removed) in accordance with the guidance given in the ATH.

The AT must have in place a process for independent checking of financial controls, systems, transactions and risks.

The role of this committee is set out in Part 3 of the ATH. Arrangements must be put in place to deliver the controls assurance work required and may be carried out by:

- an internal audit service
- a supplementary programme of work performed by the external auditors
- a Responsible Officer (an unpaid volunteer, usually a governor)

- a peer reviewer from another AT

The AT must set up appropriate arrangements and the appointed body/person must follow the programme of work required is attached at Appendix D.

Preparing for External Audit (EA)

Work to be undertaken during the accounting period

In order to ensure that the period end accounts and audit process is as straightforward and cost effective as possible, the following items should be addressed during the accounting period.

Reviewing the structure of the trial balance to ensure adequate fund accounting information

Whichever accounting system is used by the AT, it is essential that it is structured to enable detailed fund accounting records to be maintained throughout the period.

The statutory accounts of the academy will require both the income and the costs of the AT to be analysed between each individual fund. Therefore, all income and expenditure must be split between unrestricted funds (which are those that can be used for any purpose of the AT), restricted GAG funds and restricted other funds (such as Pupil Premium, SEN, start-up grants and other grants).

Maintaining a fixed asset register

As described in Section 3 above, a fixed asset register must be maintained accurately to ensure that EA time is not overspent in this area.

Maintaining a record of Trustees interests and related party transactions

As required in Section 4 above, the register of Trustees' interests must be maintained so as to be able to produce a schedule of transactions with Trustees and related parties, recording the date, description, amount of transaction and nominal code where the transaction is recorded.

Maintaining a record of meeting attendance

The annual report disclosures usually include details of the number of Trust Board and FC meetings that were held in the period, together with the number of meetings attended by each individual governor. A record of attendance should be maintained throughout the year by the Clerk, to ensure that the information is available at the year end.

Period end procedures to be undertaken

Period end adjustments

To prepare statutory accounts a number of period end adjustments to the trial balance figures are necessary. This work can be undertaken internally by the CFO (SBM) or externally by the EA. This split of responsibilities will have an impact on EA fees.

The main adjustments required will be in the following areas:

- Reconciliation of the bank accounts and correction of any old or incorrect outstanding deposits / cheques
- Depreciation charges on the fixed assets for the period
- Calculation and inclusion of the period end stock value
- Prepayments – typically prepaid IT licences and support, rental payments paid in advance, grounds contracts paid in advance etc.
- Pupil Premium/SEN and other grant income where a deferral or accrual of income is needed so that income is recognised in the correct accounting period
- Accruals and deferred income – typically expected costs for the period that have not yet been

invoiced for utility bills, service level agreements, accounts and audit fees, as well as deferring income received in advance on (e.g. school trips

- Reconciliation of the period end PAYE and NI creditors to the payroll, together with pension creditors
- Bringing in the income and expenditure on private school fund accounts if records of these are maintained separately
- Ensuring that the creditors ledger is complete. In order to facilitate this, it is important that a file of late invoices relating to the period prior to 31 August, but received after the year end is maintained. If any such invoices have not been accrued for in the accounts, an adjustment may be necessary to bring them in.

If the AT's accounting policy is to include stock held for resale (such as uniforms or sports equipment) within the balance sheet (which will depend on whether the amounts involved are considered significant), then the details from the annual stock take (Section 3 above) need to be made available. Stock is valued at the lower of cost and the net realisable value that it can be sold for. Therefore, if any items of stock are damaged or obsolete, these should be noted on the schedule and written down in value.

Documentation required for the preparation of the annual report and accounts In order to prepare the annual report and accounts, the following documentation and information will be required.

Narrative reports

The first part of the annual report consists of a range of narrative reports setting out information about how the AT is run and structured, its achievements during the period and details on the various controls that it has in place.

This section of the report will require a significant amount of input from the Trustees and CFO (SBM). Therefore, it is recommended that action is taken to start collating and drafting the narrative reports promptly after the period end and prior to the auditors coming on site.

Whilst some sections of narrative, such as the financial review, will need to be prepared after the draft accounts are available, the majority of the reports can be prepared before then.

Reference and Administrative Details

In order to complete this section, the following information will be required:

- Details of all members of the Trust Board during the period including appointment / resignation dates
- Details of the senior leadership team
- Details of bankers and solicitors

Trustees' report

Your auditors should be able to provide a Word version of the proforma 'Coketown' Trustees' report, which will provide guidance. However a number of sections will need to be written by the AT in the first year and reviewed and updated annually. As this is the Trustees' report, it will need to be circulated to, and agreed by, all of the Trustees prior to inclusion in the annual report.

Some of the sections of the Trustees' report will be able to be drawn from the Memorandum and Articles of the AT, including:

- Members' liability
- Method of recruitment and appointment or election of Trustees
- Objects and aims of the academy

The main areas requiring input from the AT are:

- Organisational structure
- Risk management procedures
- Activities of the AT during the period
- Details of achievement and performance
- Financial review
- Reserves policy explaining why funds are held
- Plans for future periods

Trustee statement

The governance statement sets out information on the responsibilities of the Trust Board and in particular requires details of:

- The number of times the Trust Board met during the period
- Details of the number of Trust Board meetings each governor attended in the period, and the total number they could have attended.
- The same information for the FC.
- Narrative on how the AT has decided to meet its internal control obligations, such as explaining the role of the Responsible Officer or Internal Auditor.

Financial information

In order to prepare the main financial statements, the following reports and documentation will be required by the auditors and it is important that this information is available in final form, prior to the commencement of the accounts and audit fieldwork.

Therefore, if the AT uses any external assistance with the CFO (SBM) role, it is important that their period end visit is scheduled in advance of the accounts and audit fieldwork commencing.

The information required for the main financial statements will include:

- Reconciled trial balance at 31 August
- Bank and petty cash reconciliations at 31 August
- Printout of aged debtors at 31 August
- Details of any debtors that should be provided for as bad debts
- Printout of the aged creditors at 31 August
- Details of any late invoices relating to the period, that are not reflected in the trial balance
- Workings to support any accruals, prepayment or deferred income calculations reflected in the trial balance. Supporting documentation should also be attached for items in excess of £5k
- Nominal activity report printouts for repairs and maintenance costs, legal and professional costs, sundry expense costs and any uncleared suspense codes
- Stock valuation at 31 August (if any)
- The fixed asset register, reconciled to the trial balance.

The following information will also be required to complete the notes to the accounts:

- Operating lease agreements for all ongoing leases at 31 August. This will typically include building leases, photocopier / IT leases, motor vehicle leases etc.
- Details of any capital commitments at the 31 August. These are legal commitments at the period end for work that has not yet been undertaken, typically signed building contracts, commitments to purchase IT equipment etc.
- The trustee and officer indemnity insurance policy, showing the premium paid for the year.
- Average staff numbers for the period (calculated on a full-time equivalent basis for part time staff). These should be split between relevant categories such as teachers, teaching assistants, admin, support staff and management.
- Details of pension contributions paid for employees earning over £60k per annum.

- Where any staff members have a mixed role and spend time on generating voluntary income, fundraising and educational operations, an estimated allocation of their salary costs between each role should be prepared.
- A schedule setting out Trustees remuneration for the period, including:
- Gross remuneration and employers pension contributions paid on behalf of each staff Trustees (including the Headteacher).
- Expenses reimbursed to Trustees.
- A schedule setting out related party transactions. This should include transactions with businesses and organisations disclosed on each governor's declaration of interests.
- An FRS 17 Local Government Pension Scheme report at 31 August (and date of conversion in the first period)
- Details of any post balance sheet events requiring disclosure in the accounts. This would include significant changes to the activities of the AT since the period end (i.e. additional members joining a multi academy trust), purchases, sales or losses of significant assets since the period end (including as a result of a catastrophe), strikes and labour disputes, etc.

Access to the basic accounting records of the academy will also be required for both the accounts preparation and for audit testing purposes and therefore needs to be readily available:

- Bank statements for the period and since the period end
- Purchase and expense invoices for the period and since the period end
- Sales invoices for the period and since the period end
- Purchase and sales credit notes for the period and since the period end
- Grant documentation for all non-GAG restricted income (such as Lottery grants, capital grants and similar income sources)
- Payroll records for the period
- VAT returns or forms 126 for the period, with supporting workings.

Documentation required for the audit

In order to conduct the audit fieldwork, the audit team will require access to the core accounting records and accounting information set out above, together with the following key documents:

- Minutes of Trust Board and FC meetings
- Copy of the signed funding agreement
- Copy of the latest budget submitted to the ESFA
- Documentation to support any balance transferred from the Local Authority on conversion
- The register of Trustees' interests
- Responsible officer / internal audit reports throughout the period
- Full details of any claims or litigation by or against the academy
- Full details of any fraud or suspected fraud arising during the period
- Statutory records of the company, including Memorandum and Articles

Preparing for Annual Accounts Return (AAR)

The standard AAR is primarily based on the annual financial statements to 31 August, together with additional disclosures to allow for the consolidation of individual ATs into the government accounts. Where the AAR is to be based on available accounts to 31 August, the following information will be required in addition to the final statutory accounts in order to complete the additional disclosures:

- An analysis of revenue and capital grants by the specific issuing body (ESFA, DfE, STA, CAF/CASS, etc.)
- Staff costs disclosed in the accounts to be analysed between those on permanent contracts

and those on temporary contracts. As a minimum you will require a list of permanent and temporary staff names to enable the split to be calculated

- Accrued or deferred holiday pay to be calculated as at 31 August 2021
- The land and buildings valuation included in the accounts to be analysed between land and buildings
- Total future operating lease commitments at the 31 August - this is an alternative treatment to the accounts that will have disclosed the annual cost (rather than total cost) of each commitment
- The return requires a list of transactions and balances with parties related to the ESFA (rather than just to the AT). The ESFA related parties are provided by the ESFA and therefore a list of transactions with any of these parties needs to be prepared
- Counterparty balances return. This section of the return requires an analysis of all period end debtor and creditor balances and in-year purchase and sale transactions with counterparties, broken down by the individual counterparty. The relevant government counterparties include other academies, local authorities, HM Revenue & Customs, Teachers Pensions and other public bodies etc. There is a full list of potential counterparties on the 'CP IDs tab' of the AAR. Most accounting systems should allow a supplier report to be printed in order to identify the counterparties, and then transaction information can be obtained for each supplier
- Details of the following transactions will also be required if they have occurred in the year:
 - Losses (re stock or other assets) or write-offs (unrecoverable debts or overpayments)
 - Gifts or hospitality received or paid
 - Special payments
 - Staff severance or compensation payments
 - Contingent assets and liabilities.

Appendix A – Scheme of Financial Delegation

<i>Delegated Duty</i>	<i>Value</i>	<i>Delegated Authority</i>	<i>Method</i>
Ordering Goods and Services	Up to £250	CFO (SBM) and Headteacher	Selection from preferred supplier list unless agreed otherwise with Headteacher
	Up to £7500	Headteacher	As above
	£7,5,00 to £12,500	As above plus FRAC Committee	Formal tendering process, including advertising in OJEU (if over OJEU threshold)
	Over £12,500	Trust Board	
	Contract with annual value up to £7,500	FRAC Committee	
	Authority to accept other than lowest quotation up to £7,500	Headteacher	
	Authority to accept other than lowest quotation from £7,500 to £12,500	FRAC Committee	
	Authority to accept other than lowest tender	Trust Board	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	<ul style="list-style-type: none"> 2 signatories 	
Signatories for ESFA grant claims and ESFA returns	Any	Two signatories (or as required by ESFA) from: <ul style="list-style-type: none"> Headteacher Chair of Trustees 	
Virement of budget provision between budget heads	Up to £5,000 £5000 to £10,000 Over £10,000	CFO (SBM) with Headteacher As above, with reporting to the FRAC Committee Trust Board	

<i>Delegated Duty</i>	<i>Value</i>	<i>Delegated Authority</i>	<i>Method</i>
Disposal of assets	Assets which cost up to £5,000	FRAC Committee	
	Assets which cost over £5,000	Trust Board	
Write-off of bad debts	Up to £250	Headteacher	
	Over £250	As above plus FRAC Committee	
Raising invoices to collect income	£2,500 to £12,500	Headteacher	
	£12,500 to £25,000	As above plus FRAC Committee	
	Over £25,000	Trust Board	

Appendix B – Abbreviations

AAR	Annual Accounts Return
ATH	Academies' Financial Handbook
AO	Accounting Officer (Headteacher)
AT	Academy Trust
CFO	Chief Financial Officer
DfE	Department for Education
EA	External Auditors
ESFA	Education & Skills Funding Agency
FC	Finance, Resources & Audit Committee
FPM	Financial Procedures Manual
IA	Internal Auditors
RO	Responsible Officer
TB	Trust Board