



emlc
academy trust

Every child deserves to be the best they can be

EMLC Academy Trust

Financial Handbook for Academies

March 2017

Contents

Section	Description
----------------	--------------------

Introduction

1.0 Governance

- 1.1 Overall responsibilities
- 1.2 Governance reporting
- 1.3 Governance arrangements for academies
- 1.4 Local governance responsibilities
- 1.5 Delegation of authorities
- 1.6 Removal of delegated authorities
- 1.7 Related party transactions
- 1.8 Whistleblowing
- 1.9 Gifts
- 1.10 Business continuity plan
- 1.11 Risk management

2.0 Budget and Audit

- 2.1 Budget setting
- 2.2 Budget monitoring
- 2.3 Budget control
- 2.4 Budget revision
- 2.5 Audit

3.0 Accounting Processes

- 3.1 Local Accounting System
- 3.2 Cash Policy
- 3.3 Income
- 3.4 Treasury management
- 3.5 Purchasing
- 3.6 Procurement and Tendering
- 3.7 Payroll
- 3.8 Credit cards

EMLC Academy Trust Academy Financial Handbook

Appendix A Definitions

Appendix B List of key staff members and authorised signatories

Appendix C List of Related Parties

Appendix D Insurance

Introduction

The purpose of this handbook is to ensure that EMLC Academy Trust (EMLC AT) academies maintain 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 Funding Agreement with the Department for Education (DFE).

The academy must comply with the principles of financial control outlined in the Academies Financial Handbook effective from September 2016 (and any subsequent updates) produced by the Education Funding Agency (EFA). This handbook expands on that and provides detailed information on the Trust's accounting procedures and systems and shall be read by all staff.

The EMLC AT Managing Director, Duncan Mills, is the Accounting Officer and has the overall responsibility for the Financial Management of the Trust and its academies.

Financial authority is delegated to the Local Governing Body, or Academy Improvement Board (AIB) if the academy is in an OfSTED category, and onto the Principal and Business Manager within each EMLC AT Academy, through the Scheme of Delegation. Further delegation is outlined in this document.

Once a school becomes an academy within EMLC AT, the school as a legal entity ceases to exist and the legal body and employer becomes the Trust. All contracts (including employment contracts) are with EMLC AT and not with the school or academy. Any potential legal or HR claims must be notified to the Trust straight away so they can be dealt with in a coordinated, effective and timely fashion. **If there is any doubt, contact a member of staff at the Trust central office on 01234 880 154.**

Please note: A particular area for concern highlighted by the DfE is transactions with related parties (**Related Party Transactions**). These should not be entered into unless approved at Trust level. Details of what constitutes a Related Party Transaction are found in the relevant section, and a full list of related parties is found in Appendix C.

Section 1 - Governance

1.0 Governance

1.1 Overall responsibilities

The EMLC AT Strategic Board has overall responsibility for ensuring the academy's budget is monitored as a continuous process and that income and expenditure are maintained at levels as outlined in that budget or at levels subsequently agreed. This is delegated to the Local Governing Body and on to the Principal.

Responsibility is delegated to the Principal to:

- a. ensure that systems are in place to monitor and control the Academy budget
- b. ensure authorisation levels are adhered to
- c. receive regular reports from the Business Manager
- d. take such action to prevent any overspend of the Academy budget not authorised by the EMLC AT Finance Group.

The Principal is responsible for ensuring all policies are current and any variations in policies and procedures are promptly submitted to the Local Governing Body or EMLC AT Strategic Board for approval (depending on which board 'owns' the policy).

1.2 Governance reporting

As described in the EFA Academies Financial Handbook, academy trusts must notify the DfE of the appointment and resignation Members, Trustees, Accounting Officers and Chief Financial Officers. This is done by the central Trust team via the DfE's web

portal EduBase. The web portal must be updated with any changes to such appointments within 14 days, so any notifications received by school staff must be forwarded to the Trust immediately

1.3 Governance arrangements for academies

The EMLC AT Strategic Board is the body responsible for the governance of the funds granted to it and its academies. This is set out in the Master Funding Agreement, which is a contract between EMLC AT and the Department for Education (DfE) for the provision of education services for each academy.

A sub-committee of the Strategic Board known as the Finance Group reports into the Strategic Board. The Finance Group assists in the decision making of the Strategic Board by enabling detailed consideration to be given to the financial responsibility of the Strategic Board, ensuring sound management of the academies' finances and resources, including proper planning, budgeting, budget monitoring and probity.

The EMLC AT Financial Handbook is compliant with the Education Funding Agency's (EFA) Academies Financial Handbook. Academies need to develop their own processes and procedures derived from the detailed requirements of the EMLC AT Financial Handbook.

All EMLC AT academies will receive an internal audit assessment once each term which will monitor compliance with the EMLC AT Financial Handbook. The annual External Audit will provide external scrutiny of the financial management of EMLC AT, which includes the academy processes. A sub-committee of the Strategic Board known as the Audit and Risk Group reports into the Strategic Board and provides the governance oversight to both the External and Internal Audit processes.

1.4 Local governance responsibilities

The Strategic Board delegates the day to day running of the financial affairs of each academy to local management via the Local Governing Body.

The Scheme of Delegation sets out the terms of reference for a Local Governing Body and the requirement for all Local Governing Bodies to have a Finance Committee. The Finance Committee will provide the overview to the local management of the financial management process, on the advice of the Academy Principal.

Compliance with the EMLC AT Financial Handbook is part of the delegation of the financial management process. It sets out the processes and procedures that each academy is required to follow.

1.5 Delegated authorities

The Trust will tailor the level of authority delegated to each academy through its Local Governing Body, dependent on such factors as the experience of the Principal and Business Manager and the OfSTED rating the academy has been given.

1.6 Removal of delegated authorities

The Trust reserves the right to remove or amend the level of authority delegated to each academy through its Local Governing Body for reasons including, but not limited to:

- Financial impropriety
- Spending out of control.

1.7 Related Party Guidance

1.7.1 Introduction

The Education Funding Agency require Academy Trusts and their academies to take into consideration all individuals or organisations connected to the academy trust.

No transactions with a related party may be entered into without the express prior authorisation from the Accounting Officer.

The Trust must pay '**at cost**' for goods and services for:

- any member or trustee of the academy trust
- any individual or organisation connected to a member or trustee. These may include:
 - a relative of a member or trustee
 - an individual or organisation in business partnership with the member, trustee or a relative of the member or trustee
 - a company which a member or trustee, or their relative, holds more than 20% of the share capital or voting power of that company
- any individual or organisation that has the right to appoint a member or Trustee of the EMLC AT
- any individual or organisation recognised as the sponsor of the EMLC AT (i.e. EMLC, the Leadership Charity).

A related party **may not make a profit** from trading with the academy trust or its academies.

If there is any doubt whatsoever, please contact a member of the Trust central management team.

1.7.2 Managing Connected or Related Party Contracts

So that EMLC AT academies are aware of connected and/or related individuals and organisations, all Principals and Business Managers will be circulated with EMLC AT's Register of Business Interests annually, as an appendix to this Financial Handbook.

This list of companies should be referred to for all purchases. Transactions with related parties should be avoided unless approved in advance at Trust level.

1.7.3 'At cost' Guidance

'At cost' is defined as cost price: without profit to the supplier. Any quotes for 'full cost' provided by a supplier must not include an element of profit, if the supplier has

been identified as a connected or related party.

If an academy or the Trust wishes to contract with a connected or related party, where the full cost includes an element of profit, authorisation must be gained from the EFA, and therefore first from the Accounting Officer, before a contract is entered into.

1.8 Whistleblowing

EMLC Academy Trust is committed to the highest standards of openness, probity and accountability. Its Whistleblowing Policy seeks to encourage employees and others with serious concerns about any aspect of EMLC AT's work to come forward and voice those concerns without fear of reprisals, taking into account the requirements of the Public Interest Disclosure Act 1998 (updated August 2013).

All staff should ensure that they are fully aware of and compliant with the policy.

1.9 Gifts

1.9.1 Introduction

Academies may receive donations and gifts which must be recorded. This record is through the EMLC AT Register of Gifts and Donations, which must be returned to EMLC AT Finance Team at the end of the academic year. Discounts cannot be viewed as charitable donations, but must be shown as a reduction in costs. The template Register of Gifts and Hospitality is at the end of this section.

All gifts and donations with a value of £50 or higher and hospitality with a value of £75 or higher must be reported to the Chief Financial Officer.

Before accepting any gifts, consideration must be given to the Bribery Act 2010 and whether acceptance may create a conflict of interest.

1.9.2 Gifts

Gifts of cash are clearly the easiest to value. However, it is recognised that a proportion of contributions may be in the form of gifts in kind, hospitality, awards or prizes.

EMLC AT will need to disclose total gifts in kind within its financial statements and will be required to split this by academy for reporting to the EFA.

The value placed on gifts in kind should be a reasonable estimate of their gross value to the academy or (less likely) the amount actually realised as in the case of second-hand goods donated for resale.

In addition to this, if an EMLC AT employee is treated to hospitality by a client, the value of that hospitality should be recorded in the Gifts Register, but not in the financial statements. (They must also have approval to attend from the line manager before accepting the invitation.)

1.9.3 Donated Services and Facilities

Academies may also receive assistance in the form of donated services (e.g. 'time') or facilities. Such incoming resources should be recorded in the local accounting system where the benefit to the academy is reasonably quantifiable and measurable. This would usually be limited to donations by an individual or entity as part of their trade or profession. For example, if a local accountancy firm agreed to supply an accountant free of charge to assist the academy's finance department for a couple of hours a month, this should be included in the accounts. However, a police officer talking to a group of pupils as part of his/her community liaison role would not be classified as a donation, as this service would always be provided free as part of police activities.

In contrast to donations as part of a trade or profession, the contributions of volunteers should NOT be recorded in the local accounting system, as the value of

their contribution cannot be reasonably quantified in financial terms. For example, parents or other volunteers assisting with reading in the classroom would be excluded. However, the exclusion of these contributions should be disclosed in the EMLC AT's Trustees' Annual Report. Each academy will therefore need to record such activities at the end of the financial year on the Gifts Register and return to the Chief Financial Officer.

Again, the value placed on those donations which are included in the Financial Statements should be the price the academy estimates it would pay in the open market for the services or facilities.

1.9.4 Other Considerations on Valuation

Time spent by governors in attending Local Governing Body meetings is part of their responsibility in undertaking their governance role and therefore should not be included as a business contribution. However, if a governor gives additional free time to the academy providing professional advice, outside their role as a governor, this may be accounted for as a donation. Academies should ensure they are clear about what constitutes the work and role of governors before determining whether additional assistance from a governor is classified as a donation.

"Free gifts" (or unsolicited gifts – gifts you received but did not ask for) will only have a value to the academy if the gift assists in achieving its objectives as set out in the Strategic Plan. These gifts should be recorded in the Gifts Register, but not in the financial statements.

Register of Hospitality, Gifts and Donations Received

Code abbreviations: H (Hospitality received); GR (Gifts Received); GD (Gift Declined).

N.B. Holders of this Register are required to report all recorded gifts with a value of £50 or higher and hospitality outlined with a value of £75 or higher to the Chief Financial Officer.

Date hospitality received; gift received and then raffled or gift declined	EMLC AT employee	Name of the organisation/individual providing/receiving the hospitality or gift	Describe the hospitality or gift and its monetary value	Authorising officer (Principal or Managing Director)

The completed register must be completed throughout the year and returned to EMLC AT Finance Team by 31 August.

1.10 Business Continuity Plan

Academies should each have a plan in place to cope with any potential event which could cause a disruption to their daily activity (a "Business Continuity Plan"). Each academy has its own set of circumstances and should therefore tailor its Business Continuity Plan to those individual circumstances. It is the responsibility of the Principal to ensure that such a plan is in writing and communicated to all staff (and copied to the Trust).

The Trust has Business Interruption Insurance in place to assist with any additional costs incurred in temporarily relocating the academy premises.

In the first instance the Trust should be notified immediately of any such event or occurrence, and in the second instance the insurers should be notified. Contact information can be found in Appendix D.

1.11 Risk management

Every Multi Academy Trust, regardless of size must have a governance, risk and compliance (GRC) process. Trustees, governors and executives are increasingly accountable and it is becoming essential for insurance and audit purposes to prove that risk management and compliance processes are proficient.

Academies are now far more accountable to parents, pupils, regulators, government and the general public. Management of educational standards, health and safety and pastoral responsibilities are of critical importance to academies' reputations and it is becoming essential for insurance and audit purposes to prove "whole trust" risk management and compliance processes are robust and reliable. Additionally MATs need to have a view across all the academies under their responsibility.

EMLC AT has decided to use GRC ONE software for an integrated and distributed approach to managing and reporting risk and compliance. The Trust will support each academy in this process. However, each academy needs to have a user trained in the use of the software, and this is normally the School Business Manager

Section 2 – Budget and Audit

2.0 Budget and Audit

2.1 Budget Setting

2.1.1 Budget Setting Process

Following receipt of the Funding Letter from the EFA, the Trust will share the Funding Letter with the Principal, Chair of the Local Governing Body and the Business Manager of the Academy.

The Principal and the Business Manager in consultation with the Local Governing Body, will put together a draft Budget for the next academic year including the future staffing requirements and priorities. A deficit budget may not be set, apart from in exceptional circumstances where it must be approved in advance by the Strategic Board.

(no commitments must be entered into prior to budget approval)

2.1.2 Budget Approval

The draft budget must be submitted to the Finance Group of the Local Governing Body for authorisation, and subsequently to the full Local Governing Body for approval. The Principal and Business Manager will make any adjustments required by the Local Governing Body and submit the budget to the Trust for approval.

On recommendation from the Local Governing Body, the budget is submitted first to the Finance Group of the Strategic Board and finally to the EMLC AT Strategic Board for the minuted formal approval. Once approval is granted, the Business Manager can upload the new budget onto PS Financials. This budget is now fixed and must be adhered to.

It is the responsibility of the Principal and Local Governing Body to ensure that meeting dates are set appropriately to allow for these approvals to take place and

feed into the main Strategic Board meetings as described above.

The academy budgets will be submitted by the Accounting Officer to the EFA by the 31st July each year.

2.2 Budget Monitoring

2.2.1 Production of monthly management reports

Each month a Management Reporting pack will be produced on an accruals basis for each academy. The contents will include, but will not be limited to, the following:

- Income and Expenditure Report (showing actuals, budget and variance for the current month and the year to date)
- Commentary explaining variances
- Annual budget
- Forecast for the year
- Balance sheet
- Schedules for debtors and creditors
- Schedules for prepayments, accruals, deferred or accrued income
- Fixed asset register showing cost, depreciation and net book value
- Bank reconciliations
- Payroll analysis
- Pupil Premium income and expenditure

Copies of the monthly Management Reporting pack will be submitted to the Accounting Officer and Chief Financial Officer by the 15th day of every month (or the nearest working day). Further information regarding income, expenditure and commitments will be supplied on request.

2.2.2 Distribution and review

The Management Reporting pack will be distributed to the academy Principal, Vice Principal and Business Manager, who will review the variances and report on them to the Accounting Officer and Chief Financial Officer at the monthly group meetings for

Principals and Business Managers for this purpose.

The pack forms part of the reporting to the Local Governing Body, at which the results and variances should be discussed, and any necessary action taken.

The pack (in part or in whole) will also be distributed to and reviewed by the Strategic Board and its Finance Group.

2.3 Budget Control

2.3.1

The academy Senior Leadership Team and Local Governing Body should use the information regarding income, expenditure and budget variances as a base for ongoing control of spending so that the academy remains within its given budget for the academic year. By reviewing the Management Reporting pack every month, it should be possible to make decisions regarding spending which will rectify any overspends which may arise.

2.3.2 Uncontrolled expenditure

If expenditure is found to be deviating greatly from the budget, measures will be put in place with the purpose of ensuring that the academy remains within its given budget by the end of the full academic year.

This could involve a complete halt on all non-essential spending, and all expenditure requiring pre-approval by a member of Trust senior management.

2.4 Budget Revision

A full reforecast will be prepared by the Business Manager and Principal in January, taking into account the financial results to December and any new information relating to the accounts since the budget was set. As with the original budget, the reforecast may not show an in-year deficit nor a surplus which is smaller than in the original budget.

2.5 Audit

2.5.1 External Audit

The Trust and its academies must undergo audits each year from external agencies which include (but are not limited to) external financial auditors (e.g. statutory audit and Pension Scheme audits), HMRC (PAYE and VAT), Education Funding Agency.

Academy financial and administrative staff are expected to cooperate with these audits and produce such information as may be required to complete them in a timely fashion.

2.5.2 Internal Audit

The Trust has an obligation to perform a regular internal audit to ensure compliance with internal processes, EFA regulations, the Law and Generally Accepted Accounting Policies. The nature of the internal audit may vary, and could be performed by Trust staff or Trustees, or an external agency.

The Internal Audit Programme is set and monitored by the Audit & Risk Group, a sub-committee of the Strategic Board, whose Chair is independent from the Strategic Board.

Academy financial and administrative staff are expected to cooperate with these audits and produce such information as may be required to complete them in a timely fashion.

Section 3 – Accounting Processes

3.0 Accounting Processes

The responsibilities of the Business Manager include but are not limited to those described in this Handbook.

3.1 Local Accounting System

Access to the computer based local accounting system (currently PS Financials) will be arranged at Trust level by the Business Manager, who will ensure there is adequate and effective separation of duties between authorising orders, authorising payments and entering transactions onto the system. This will involve user permissions as agreed with each Principal.

The Business Manager is responsible for promptly reconciling the Academy's accounting records with the bank statements.

Should any difficulties be experienced in reconciling any income or expenditure records, the Principal will be notified promptly. If the records remain unreconciled, the Principal will notify the Accounting Officer no longer than three months from the month that could not be reconciled.

The Trust must ensure that adequate back up procedures are in place.

3.2 Cash Policy

3.2.1 Bank Accounts

The opening of all accounts must be authorised by the Accounting Officer and all bank payments will be made and authorised at Trust level to ensure a satisfactory level of segregation of duties.

The Business Manager will record all bank transactions on the local accounting

system as they take place thus ensuring that the accounting records are kept up to date.

3.2.2 School Funds and Parent Teacher Associations

School Fund accounts are not allowed, and must be closed prior to joining EMLC AT. ALL bank accounts must be authorised by the Accounting Officer.

Principals and school financial staff must be aware of the School Funds and Parent Teacher Association (PTA) Policy and ensure that it is observed. Principals are required to sign a declaration detailing any such accounts of which they are aware. A School Fund is defined as a bank account operated at a local level which is not controlled by the Trust, nor incorporated into the financial reports of the Trust. A PTA bank account is also not controlled by the Trust, nor incorporated into the financial reports of the Trust, and the PTA should be a registered charity.

3.2.3 Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details shall include:

- The amount of the deposit and
- A reference, such as the number of the receipt or the name of the debtor.

Records should provide sufficient detail to allow reconciliation of individual receipts back to the student or company making the payment.

3.2.4 Bank Reconciliations

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the academy's cash book

- Reconciliations are prepared by the Business Manager
- Reconciliations are subject to a monthly independent review carried out by the Chief Financial Officer or the EMLC AT Audit & Risk Group
- Adjustments arising are dealt with promptly.

3.2.5 Petty Cash

Petty cash will be accounted for on a cash basis, and held in labelled cash tins, with advances made from the academy's bank account.

The cash float will be held securely ensuring that insurance requirements are fully complied with.

Reimbursements from the petty cash accounts will be supported by receipts.

The Business Manager is responsible for entering the payments and receipts on the accounting system.

The Business Manager will reconcile the petty cash balance held to the balance on the local accounting system at least monthly.

The Business Manager will be responsible for ensuring all petty cash records are kept securely.

Cheques raised for cash can only be cashed by those listed on the bank mandate.

3.3 Income

The main sources of income for the academy are the grants from the DfE through the Education Funding Agency (EFA). The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- Local Authority, e.g. SEN top up funding
- Students, mainly for trips; breakfast club, tuck, kids club and
- The public, for lettings.

3.3.1 Income Administration

The Business Manager will be responsible for ensuring the safe custody of all income before banking and that the sums held on site do not exceed insurance limits.

The income will be entered in the academy's local accounting system by the Business Manager after having been reconciled with the cash receipt system.

Bank paying-in books are supplied by the academy's banker and controlled by the Business Manager.

3.3.2 Debtors' Accounts

The credit history of debtors should be considered before deciding whether or not to insist on payment in advance.

All invoices raised will bear a unique sequential number generated by PS Financials when the invoice is raised.

When invoices are paid, the payment is entered on the accounts system by the Business Manager and matched to the appropriate invoice.

The Business Manager is responsible for monitoring all outstanding debts to the academy and sending reminders to the debtor after payment is outstanding for more than one month.

For debts still outstanding after the reminder, the Business Manager will send further reminders or arrange for a letter from the Principal. Direct contact will also be made by telephone/e-mail. Any debts still outstanding will be reported to the Principal or the Local Governing Body.

If further difficulty is encountered in recovering the income, the Business Manager will pursue appropriate action in consultation with the Principal, seeking Legal Advice if required.

Debts older than three months must be reported to the Accounting Officer.

3.3.3 Write Offs of Liabilities

Write offs must be approved at Trust level.

3.3.4 Banking

All income collected must be banked in total without any deductions. The Business Manager is responsible for ensuring that banking takes place regularly and before the insurance limit for the safe is reached. No personal cheques are cashed from official income.

The paying-in book will be completed by the Business Manager, who agrees the total with the cash receipt system. All income received up to the date of banking will be deposited intact with the paying-in book signed by the person carrying out the banking. Any discrepancies will be annotated on the banking records and brought to the attention of the Business Manager.

All cheques received will be listed in detail, showing the amount of each cheque and details of what it relates to.

The Business Manager will ensure that adequate precautions are taken by staff taking income to the bank to safeguard them and the income when in transit. The use of a secure cash collection service is encouraged.

3.3.5 School Trips

A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The Business Manager must prepare a record for each student intending to go on the trip showing the amount due.

A standard budget must be prepared by the lead staff member for each school trip. This must include the total cost of the trip, supported by quotes/price lists, in order

to reach the price per pupil for the trip. See the EMLC AT Charges and Remissions Policy and the EFA Charging for School Activities for more information on charging.

Students should make payments at a designated point or to a designated person. A receipt must be issued for all cash monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

The Business Manager shall maintain an up to date record for each student showing the amount paid and the amount outstanding. This record shall be issued to the lead teacher on request and the lead teacher is responsible for chasing the outstanding payments. Software such as Tucasi is available for this type of record keeping.

3.3.6 Lettings

See the EMLC AT Lettings Policy for full details. Contact central Finance staff to discuss VAT for all lettings.

Academy Support Staff are responsible for maintaining records of booking facilities and for identifying the sums due from each organisation. Payments should be received in advance for the use of facilities, where possible.

Details of organisations using the facilities shall be sent by the Academy Support Staff to the Business Manager who will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments made and outstanding accounts will be forwarded to the Site Manager at the beginning of each week and the Academy Support Staff are responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

Organisations using the facilities shall be instructed to send all payments to the Finance Office, complying with the Trust Lettings Policy.

3.4 Treasury Management

Introduction

The objectives of this section is to ensure that the academy maintains sufficient cash balances in its current account to meet its day to day commitments.

3.4.1 Cash Flow Forecasts

The Business Manager will prepare and present regular 12 months rolling cash flows to the Principal and the Local Governing Body to identify expected cash balances throughout the year.

3.4.2 Borrowing

The Trust or its academies are not permitted to borrow without prior permission of the Secretary of State. Therefore, any potential borrowing must first be authorised by the Accounting Officer.

3.4.3 Investments

The academy will operate an interest bearing current account with a bank approved by the Accounting Officer and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments. Any other forms of investment must be approved by the Accounting Officer.

3.4.4 Limits and Authority

The EMLC AT Accounting Officer reserves the powers to give prior approval to the opening of new bank accounts; no accounts may be opened or operated which the Accounting Officer has not approved.

3.5 Purchasing

The academy has a duty to achieve the best value for money from all its purchases. This means it wants to get what it needs in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and it needs to maintain the integrity of these funds by following the general principle of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

Any orders placed with Related Parties must be approved by the Accounting Officer and on a cost only basis (see the section on Related Party Transactions). A full list of related parties can be found in Appendix C.

3.5.1 Ordering

A Purchase Requisition must be completed for purchase requests. It is prepared by the member of staff requesting the goods or services required and given to the Business Manager.

The Business Manager checks the procurement process required for the value of the order. The total contract value should be taken into account, e.g. is it a 12 month or 3 year contract; is it across more than one academy?

Procurement limits:

Total value of contract	Procurement method
< £5,000	VfM test
£5,000 - £40,000	Three written quotations
£40,000 - £164,176	Formal tender
>£164,176	OJEU

Once the correct procurement process has been established, go to section 3.6 on procurement for more detailed procedures.

After procurement has taken place in accordance with the above, the Business Manager enters a Purchase Order onto the local accounting system for the requisition, first ensuring that budget provision exists. The Purchase Order must be authorised in accordance with the authorisation limits which are delegated to the academy dependent on individual circumstances.

Once the order has been authorised according to the authorisation levels given, it may then be placed with the supplier (usually by the Business Manager). A hard copy of the authorised order will be kept on file with the original Purchase Requisition Form.

Should the order not be authorised, the Business Manager will feed back this decision to the member of staff and arrange for the removal of the purchase order from the local accounting system.

3.5.2 Receipt of Goods and Services

All goods and services will be checked against the Purchase Order for quality and quantity by the Academy Support Staff or a person designated by the Business Manager.

The delivery note will be annotated and signed by the checker and sent to the Business Manager as an advice that the order has been completed satisfactorily or with details of any shortages, rejected items, inadequate service or any other

disputed item of goods or service. The Business Manager will take appropriate action to address this and notify the supplier when relevant.

A separate record will be maintained by the Business Manager, who will monitor the provision of replacements or credits.

3.5.3 Processing Invoices

All invoices will be sent to the Business Manager, who ensures it is a valid invoice for goods that have been received in good order or for services delivered to an accepted standard.

Invoices will be recorded by the Business Manager in the purchase ledger. The Business Manager will stamp invoices with a grid against which the following can be evidenced:

- a) Invoice details agreed to official purchase order
- b) Goods/services received in a satisfactory condition
- c) Invoice authorised for payment.

Boxes a) and b) will be completed by the Business Manager. The invoice will then be checked against the original purchase order and signed delivery note and, if complete, entered on the finance system for payment. Box (c) will be signed by the authorised member of senior staff in accordance with the authorisation limits for the academy.

3.5.4 Credit Notes

If a credit note is expected, the Business Manager will ensure the invoice to which it relates is withheld from payment and that the invoice and credit note are then processed together.

3.5.5 Payment Process

Where possible purchase ledger accounts will be settled by BACS payment. The BACS listing will be completed by the Business Manager and sent to the appropriately authorised member of staff. BACS payments are completed through the bank by the Trust financial staff. Cheque books will be stored securely in the Finance Office at the Trust and be controlled by the Chief Financial Officer.

Paid invoices will be filed in alphabetical or sequential number order accompanied by the delivery note.

Each term a list of suppliers/ or any changes to bank details are checked and approved by a member of the Trust Finance Department or as part of the Internal Controls Review by the EMLC AT Audit Group.

3.6 Procurement and Tendering

See the EMLC AT Procurement Policy for full details regarding the procurement of goods and services.

3.6.1 Procurement Limits

In procuring goods and services the following procedures and processes must be followed at all times by academy staff. All amounts are exclusive of VAT.

Orders £5,000 and under

As always when spending public money, best Value for Money (VfM) should be sought.

Orders over £5,000 but under £40,000

At least three written quotations (**preferably fixed price**) shall be obtained for all orders between £5,000 and £40,000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by the Business Manager for audit purposes. Telephone quotes are not acceptable.

Orders over £40,000 but under £164,176

All goods or services ordered with a value over (or for a series of contracts which total exceeds) £40,000 but under £164,176, must be subject to formal tendering procedures. Due to the complex and onerous nature of high value procurement, the central Trust staff can assist or perform this process for or in partnership with academy staff.

Orders above £164,176

All goods or services ordered with a value above £164,176, or for a series of contracts which in total exceeds that value may fall under EU procurement rules which require advertising in the Official Journal of the European Union (OJEU). Such orders **must** be dealt with at Trust level.

3.6.3. Leasing

All leases must gain prior approval at Trust level.

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). If there is any doubt as to whether or not a particular lease does or does not involve an element of borrowing the issue should be resolved by contacting the Trust financial staff, who may need to verify via the external auditor.

The Trust must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following leasing transactions:

- Taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years and
- Granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

The Trust may take out and grant other types of lease, without the Secretary of State's approval. Leases should be disclosed in the Trusts annual accounts in accordance with the Academies Accounts Direction.

If the Trust does wish to enter into a lease that requires the Secretary of State's consent, then the Trust will need to contact the EFA. This must first be authorised by the Accounting Officer. The Trust must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

3.7 Payroll

The Business Manager is responsible for administering the payroll accurately and properly. The Principal is responsible for checking the payroll to ensure it is correct, and for approving it each and every month, prior to salary payments being made. Payroll accounts for the largest part of the school budget and so must be monitored closely.

The main elements of the payroll system are:

- staff appointments
- payroll administration and
- payments.

3.7.1 Payroll Provider

The Trust currently outsources payroll services for all academies, referred to in this document as the 'Payroll Service Provider'. All academies must use the same Payroll Service Provider. Overall responsibility for the operation of the Payroll Service Providers contract rests with the Accounting Officer.

3.7.2 Human Resources Service Provider

The Trust outsources Human Resources Support Services, referred to in this document as 'HR Service Provider'. All academies must use the same HR Service Provider.

Overall responsibility for the operation of the HR Service Providers contract rests with the Accounting Officer.

3.7.3 Staff Appointments

The Principal is required to confirm the budget position with the Business Manager ensuring the adequacy of the budget provision before the appointment process commences. This includes replacement of staff at a greater cost than the original staff member; corresponding savings must be made elsewhere.

The Principal has authority to appoint staff within the academy and the Principal is a position appointed by the Trust. The Principal must ensure that the appointment of all employees is in accordance with the policies of the Local Governing Body and the approved rates of pay.

The Academy maintains personnel files for all members of staff which include contracts of employment. All staff are employed by the Trust.

Copies of the relevant documents are sent to the Business Manager for adding to the payroll spreadsheet and stored on employees' files.

3.7.4 Staff Leavers

Letters of resignation should be addressed to the Principal.

A standard Leaver Form should be completed and passed to the Business Manager with a copy of the letter of resignation on a timely basis, so that the Payroll Services Provider may be informed accordingly. A copy of the Leaver Form and letter of resignation will be kept in the employee's personnel file.

3.7.5 Special Payments

Special payments, for example staff severance payments and compensation payments, must be dealt with at Trust level.

Any kind of termination agreement must be dealt with at Trust level, whether or not there is a termination payment.

3.7.6 Payroll Administration

Staff must provide the Business Manager with details of any additional payment they require on the relevant forms, approved by the Principal, by the specified closure dates for each month. Additional payments must be approved by the Principal.

Any changes (such as promotions, re-gradings, additional allowances, change of

hours) will be approved by the Principal and passed to the Business Manager on a Variation to Contract form and the Payroll Service Provider/HR Service Provider advised accordingly.

The Business Manager will send employee pay details to the Payroll Service Provider each month, after the relevant information concerning starters, leavers, absence and additional payments has been consolidated. Any spreadsheet or document shared electronically must be password protected.

The Payroll Service Provider will send an interim payroll analysis which should be checked against employee contract data to ensure the information is in line with expectations.

The Business Manager is responsible for carrying out the monthly payroll reconciliation to ensure both basic pay and additions/deductions are correct for all employees.

The Principal is responsible for checking the reconciliation and once satisfied the details are correct, for authorising the interim payroll run according to the published deadlines. Any corrections should be notified to the Payroll Provider in time to be incorporated into the final payroll. This final payroll report should be checked against the interim report and any requested changes, and approved for payment by the Principal.

The Business Manager is responsible for posting payroll journals onto PS Financials from the reports provided.

The Business Manager is responsible for checking the BACS payments taken from the academy's bank account for employees pay, pensions, tax and NI, and third party payments agree to those expected from the Payroll Service Providers Reports.

3.7.7 Payment

The Payroll Service Provider is responsible for making payments of all salaries, reimbursements and any other related payments to all current and former employees of the academy. Corrections to pay, including overpayments and duplications, must be corrected by the Payroll Service provider through the payroll and accounted for appropriately in the local accounting system.

For staff employed through an agency, an invoice will be produced by the agency and the staff will not be paid through the payroll system. The Business Manager will check such invoices for accuracy against the Purchase Order authorised by the Principal. The usual purchasing and procurement procedures will be adhered to when using the services of agency staff.

3.7.8 Payroll Standing Data Verification

The Business Manager will provide the Principal, on at least an annual basis, with a statement of all employees (salary, grade, hours worked, etc.) for verification.

3.7.9 Security and Retention of Documents

The Business Manager will have overall responsibility to ensure that all payroll records are kept securely, and personnel files are kept up to date, including variations to contract, salary change letters, etc., with the exception of personnel files relating to Principals, which are kept at Trust level.

3.8 Credit Cards

3.8.1 Credit card purchases

Procedure to be followed for ALL purchases made using EMLC AT company credit card or any other type of charge card.

All expenditure must be within the approved Budget.

All expenditure must follow the normal authorisation process as described in the Financial Handbook PRIOR to purchase.

A Charge Card Authorisation Slip must be completed for every expense and signed in accordance with the Finance Handbook and agreed authorisation levels for the academy.

Each month the central office will send a copy of the cardholder's statement to the cardholder. The cardholder must then email the following back to the central office within 7 days:

- A completed and authorised Charge Card Authorisation Slip for every line on the statement (apart from annual card fees)
- A receipt or invoice for the expenditure

These documents are checked and approved each month by the Chief Executive.

If the cardholder is planning to be away when the statements arrive, they should send their Charge Card Authorisation Slips and receipts prior to departing.

3.8.2 Unusual activity

Personal expenditure of any kind on a company credit card or charge card is strictly forbidden.

Any fraudulent activity must be reported to Trust financial staff as soon as it is identified as such.

Any queries relating to goods or services paid for using the charge card must be resolved as soon as possible; if the query is still unresolved when the statement is produced, then the query must be notified to central office.

Appendix A - Definitions

Accounting Officer (AO)	As described in the EFA Academies Financial Handbook, the AO is personally responsible to Parliament for the Trust's overall management and resources
Academy Improvement Board (AIB)	Governance measure put in place if the academy is in an Ofsted category. This will then be replaced with an LGB if the academy makes the necessary improvement
Bursar	See "School Business Manager"
Business Manager	See "School Business Manager"
Chief Financial Officer (CFO)	As described in the EFA Academies Financial Handbook, the CFO is responsible to the EFA for the finances of the Trust and its academies
Credit Card	Any charge card used by academy staff including bank and store cards
Department for Education (DfE)	The government department responsible for education
Education Funding Agency (EFA)	The funding body of the DfE
Finance Group	The committee of the Strategic Board which focuses on the finances of the Trust and its academies.
Local Governing Body (LGB)	The body to which the Strategic Board delegates the financial management of an academy at a local level
Principal	Head of an academy
School Business Manager (SBM)	For the purposes of this handbook, the terms School Business Manager, Business Manager and Bursar are interchangeable and all refer to the financial staff member within an EMLC Academy Trust academy
Strategic Board	The board of trustees of the Trust
Trust	EMLC Academy Trust central management

Appendix B – Key Staff and Authorised Signatories

Central team

Chief Executive	Jan Marshall
Managing Director & Accounting Officer	Duncan Mills
Chief Financial Officer	Gina Tucker
Maths Specialist and Data Manager	Katy Russell
Project Manager	Albin Wallace
Project Manager	Hena Mahmood
Administrator	Dee Loryman
Management Accountant	Aiden Coatsworth
Finance Assistant	Nattria Dhana
Company Secretary	Sheila Cowley
PA to Chief Executive	Alison Parkinson

Strategic Board

Chair of Strategic Board	David Bateson
Chair of Finance Group	Kevin Crompton
Chair of Development, Safeguarding & Wellbeing Group	James Fairlie
Chair of Performance Group	Pauline Waterhouse
Chair of Audit & Risk Group	Richard Burkimsher (not a Trustee)
Other Trustees:	
	Jan Marshall
	Keith Marshall
	Angie Milne
	Julian Rivers
	Ann Shelton Mayes

Orchard Academy

Principal	Interim Principal
Finance and Operations Manager	Kate Carter
Chair of LGB	Keith Marshall

Shepherdswell Academy

Principal	Jonathan Cursley
Finance and Operations Manager	Kate Carter
Chair of LGB	Keith Marshall

Castle Academy

Principal	Lorna Beard
School Business Manager	Debbie Bell
Chair of AIB	Jan Marshall

Hardingstone Academy

Principal	Zoe McIntyre
School Business Manager	Alison Dowler

EMLC Academy Trust Academy Financial Handbook

Chair of LGB

Angie Milne

Stimpson Avenue Academy

Principal

Josie Milton

School Business Manager

Jane Smith

Chair of AIB

Duncan Mills

Prince William School

Executive Principal

Interim Principal

School Business Manager

Sue Weston

Chair of LGB

Jane Doughty

Northampton International Academy

Executive Principal

Roger Whittall

School Business Manager

Claire Golding

Chair of LGB

David Mackintosh MP

Appendix C – Related parties

Section 1 – Approved Related Parties

The following related parties have been approved by EMLC AT and the EFA for use as a supplier for EMLC AT and its academies:

EMLC (leadership charity)
Third Wave Enterprises

All transactions with the above related parties are at cost, as required by the EFA.

Section 2 – Other Related Parties

The following related parties have been identified and transactions should not normally be entered into with them. If for some reason a transaction between EMLC AT or one of its academies and one of the following related parties becomes necessary, permission must be sought from the EFA via the Accounting Officer.

Asteep Learning Ltd
Cisco Systems Ltd
Hawsons Chartered Accountants
Hawsons Wealth Management
Kettering Business Exchange
One Degree Development Ltd
Trek-Kits

Appendix D - Insurance

EMLC AT and its academies are a single legal entity and all claims and potential claims impact upon the Trust as a whole.

Potential claims may be covered either by the main insurance or by the organisation to which the Trust subcontracts out its Human Resources management.

Therefore, any potential claims must be reported and discussed with Trust central office team in the first instance.

EMLC AT uses the EFAs Risk Protection Arrangement (RPA). Should you need to contact the insurers directly, e.g. in an emergency, the details are below.

Gallagher Bassett Ltd (for RPA claims)

Email: UK.RPA@gbtpa.com

Telephone 0113 246 2040

Willis Towers Watson give risk management advice and RPA support to academies that have opted into RPA.

Willis Towers Watson

Email: RPAAdvice@willis.com

Telephone 0117 9769 361