

Academy Transformation Trust

Financial Regulations

November 2015

1. Roles

1.1. Board

The Academy Transformation Trust Board has legal responsibilities for all The Trust's academies. It is their duty to ensure that each academy operates effectively, legally, judiciously and safely.

The Board has the overall responsibility for strategic direction and performance of Academy Transformation Trust. It has responsibility for agreeing Trust financial and governance policies and approving delegation of authority to the Trust's employees. It will retain specific authority for approving major expenditure and corporate contracts. The delegations of authority are expressed through the scheme of delegation which forms part of The Trust's financial regulations (Appendix 1).

1.2. Chief Executive Officer (CEO)

The Chief Executive is the Accounting Officer for The Trust and as such has the overall responsibility for the Trust's financial management and is specifically required to ensure that grant funding is applied in accordance with the funding agreement.

The CEO will ensure that achieving value for money is integrated into the operations of The Trust.

1.3. Group Finance Director (GFD)

The GFD will report to the CEO and manage the finances of the whole Trust.

Specific central roles of the GFD, supported by the Central Finance Team include:

- Work with senior management to grow the business; formulating strategies and plans that reflect the funds available .
- Preparation of statutory accounts.
- Ensuring that the requirements of all statutory and regulatory bodies including the Charities Commission, DfE and HMRC are met.
- Advise on the financial impact of proposed changes and developments of the Trust.
- Report to the CEO and Board on the impact of regulatory changes and developments in funding.
- Lead and develop the group finance function.
- Responsibility to the CEO and Board for financial governance and assessment of financial risk.
- Providing regular and relevant management reports to the Executive Team and the Board.

Specific Academy facing roles of the GFD, supported by the Central Finance Team include:

- Overseeing the financial operations of the academies, providing support and ensuring that Business Managers comply with The Trust's financial regulations.
- Managing the budgeting and forecasting requirements of the academies.
- Supporting the financial activities of academies effectively.
- Ensuring finance systems properly reflect the needs of the developing business .
- Co-ordinating the responsible officer/internal audit programme .

1.4. Business Managers

For the purposes of this document the term 'Business Manager' refers to the academy finance lead.

All academies should have access to a suitably experienced Business Manager to support the Principal and Local Governing Body to manage and protect resources appropriately.

Business Managers will work with Principals and Senior Leadership Teams to ensure that The Trust's financial processes and finance policies are followed. They will be responsible for the effective use of resources within their organisation and will notify the Central Finance Team of any issues and risks.

1.5. General requirement

All employees of The Trust are expected to act professionally and with integrity. Staff should be appointed with the appropriate skills and have access to the information and training required to perform their roles.

Senior management will ensure that job descriptions and person specifications adequately reflect the needs of the roles and that sufficient resource is available to comply with Trust policies.

2. Academy Budget

2.1. Budgets and forecasts

Prior to opening the academy Business Managers should work with the Principal to prepare a budget for the remainder of the academic year and a forecast for the subsequent 2 years. This should be scrutinised by the Local Governing Body before being submitted to the Group Finance Director for approval.

An annual financial timetable for the preparation of budgets and forecasts will be prepared by The Trust and communicated to Business Managers.

3. Assets and Inventory

Finance and Business Managers should ensure that all capital expenditure (i.e. items purchased which have a useful life and value lasting more than a year which is above the de minimis level set out in The Trust's accounting policies) are capitalised in the accounting system. An inventory should be maintained for all capital items and other equipment owned by the organisation. The format of the inventory should include:

- date purchased
- purchase cost
- identifier (serial number, etc.)
- location
- custodian (person responsible for looking after and securing the item)
- estimated life
- current condition (and date assessed).

Condition of the items should be reviewed annually and timed to assist in the annual budget setting process.

4. Service Level Agreements and Contracts

Business Managers must maintain an up to date list of all contracts maintained by their Academy / organisation. Records should include evidence of value for money and compliance with the procurement policies contained in the scheme of delegation (Appendix 1).

5. Risk Management

Business Managers should ensure that a risk register is compiled and updated regularly. It should be presented to governors and the Finance Committee termly. It should identify significant risks and the member of staff responsible for managing it. Annually a copy should be forwarded to Academy Transformation Trust's Managing Director and Group Finance Director. The deadline for submission of risk registers is the 31 August.

Where risks arise that threaten the reputation of Academy Transformation Trust or the financial viability of the academy, they should notify the Group Finance Director, Managing Director and CEO immediately.

6. Insurance

Insurance cover will be procured through the central finance team and will include; Business Interruption, Computers, Contract and Debt Recovery, Contract disputes, Employers Liability, Employment Practices Liability, Fidelity Guarantee, Governor's Liability, Hirer's Liability, Legal Expenses, Libel & Slander, Limit of Indemnity, Material Damage - Buildings and Contents, Money, Motor - OBU / Community & Voluntary organisation use, Personal Accident - Employees, Public Liability, Terrorism and Theft.

If maternity or long term sick pay insurance is required this should be arranged separately. Business continuity arrangements should be established in each academy by the Principal and Business Manager.

7. Staffing

The staffing at each academy and other Trust organisations must be agreed by the Local Governing Body prior to conversion and approved by the Group Finance Director. The initial budget and forecasts must reflect the associated costs.

Subsequent changes must be considered alongside the impact on the budget and future year forecasts. Formal authorisation will be required from the academy Local Governing Body for all new appointments. The Academy may appoint new staff but must ensure that staff costs as a percentage of income remains below 80% for the current year and forecast following year. If projections indicate that staff costs will exceed 80% of income approval for the appointment must be sought from The Trust's Group Finance Director.

In addition, any budget virement will require approval from the Group Finance Director. See Appendix 1 for further clarification of financial delegated responsibilities.

8. Financial Governance

To support the financial governance of Academy Transformation Trust academies, the following appointments have been made:

- External Auditors – Mazars.
- Internal Auditors – Mazars.
- Legal Advisers – Browne Jacobson has been contracted to provide a HR, Legal and Advisory service. The standard services will be provided as part of the Support Services. Additional support will be charged to the academies.
- Clerking and Company Secretary – provided by Academy Transformation Trust Head Office.

9. Cash Management Fund

All Academy Transformation Trust academies are required to set aside a small amount of their cash to be made available to The Trust for cash management purposes. Initially this amount has been set at:

- £25,000 for primary academies
- £50,000 for secondary academies

Where academies identify a potential cash flow issue and need access to additional funds temporarily, the Business Manager should put together a business case for the use of the fund to The Trust's Group Finance Director who will then present it to the Academy Transformation Trust's Executive Team for approval. A business case will take the form of a narrative report stating why funds are required and this should be supported by a monthly cash flow projection demonstrating the cash requirement and plans for repayment of monies to the reserve.

10. Local Governing Body

The Academy Transformation Trust Board is responsible for ensuring all pupils receive an appropriate and effective education. The Board will delegate powers and responsibilities to the Local Governing Bodies of each academy to deliver the Mission and to support the Principals to address the local context. It is the responsibility of the Local Governing Body to ensure the Finance Scheme of Delegation and other Trust policies are adhered to.

It is the responsibility of the Local Governing Body to delegate authority to the Finance and General Purposes Committee as appropriate.

Appendix 1

Finance Scheme of Delegation - Duties

1. Ordering Goods and Services (raising requisitions)

Value	Delegated Authority	Guidance
Up to £1,000	Budget Holder	Selection from a single quotation
£1,001 to £5,000	As above, plus Business Manager*	Selection from a single quotation
£5,001 to £50,000	As above plus Principal	Minimum of three quotes Report to GFD
£50,001 to £100,000	Business Manager ** plus Finance Committee, Principal, GFD and (one of) MD or CEO	Formal tendering process including advertising in OJEU (if over the OJEU threshold)
Over £100,000	Business Manager** plus Local Governing Body, Principal, GFD and (one of) MD or CEO	Formal tendering process including advertising in OJEU (if over the OJEU threshold)
Authority to accept other than lowest quote	Budget holder, Principal and LGB	Minimum of three quotes
Authority to accept other than lowest tender	Business Manager, Principal, Local Governing Body, GFD and (one of) MD or CEO	Formal tendering process including advertising in OJEU (if over the OJEU threshold)
Supplier set up and validation	Business Manager	Business Manager to approve and ensure there is an appropriate segregation of duty in the academy regarding set up and validation of suppliers

2. Signatories for cheques, BACS payment authorisations and other bank transfers

Value	Delegated Authority	Guidance
Any	Academy based; Business Manager, Principal, Vice Principal, Nominated Governor HQ based; Academies Finance Director, GFD, MD, CEO	Any two to sign

3. Signatories for EFA grant claims and EFA returns

Value	Delegated Authority	Guidance
Any	Principal, GFD	Both to sign

4. Virement of budget provision between budget heads

Value	Delegated Authority	Guidance
Up to £10,000	Business Manager & GFD	Requires a report to the Local Governing Body
£10,001 to £30,000	As above plus Principal	Requires a report to the Local Governing Body
Over £30,000	As above plus Local Governing Body	Requires report to Group Academy Finance Director

5. Disposal of Assets

Value	Delegated Authority	Guidance
Up to £5,000	Principal	Report to GFD
£5,001 to £20,000	As above plus Local Governing Body	
Over £20,000	As above plus GFD and EFA	

6. Write off of bad debts

Value	Delegated Authority	Guidance
Up to £1,000	Local Governing Body	
Over £1,000	As above plus GFD and EFA	EFA approval required

7. Purchase or sale of any freehold property

Value	Delegated Authority	Guidance
Any	GFD, Trust Board and EFA	Board and EFA approval required

8. Granting to take up any leasehold or tenancy agreements exceeding three years

Value	Delegated Authority	Guidance
Any	GFD, Trust Board and EFA	Board and EFA approval required

9. Raising invoices to collect income

Value	Delegated Authority	Guidance
Up to £5,000	Business Manager	
£5,001 to £10,000	As above plus Principal	
£10,001 to £100,000	As above plus Local Governing Body	
Over £100,000	Local Governing Body plus Group Finance Director	

10. Business Charge Cards

Value	Delegated Authority	Guidance
Secondary academies up to £5,000	Up to 4 cardholders as designated by Principal	Up to £5,000 to be distributed over 4 cards as deemed appropriate per academy
Primary academies up to £3,000	Up to 3 cardholders as designated by Principal	Up to £3,000 to be distributed over 3 cards as deemed appropriate per academy

11. Cashing cheques

Value	Delegated Authority	Guidance
Up to £500 per cheque	Signatories as per above (see point 2)	

12. Petty Cash

Value	Delegated Authority	Guidance
Limit of up to £500 cash held on site overnight in accordance with individual academy insurance policies	Business Manager to maintain full records Approval from Group Finance Director for balances greater than £500	Cash only to be distributed on receipt of proof of purchase. No single payment of more than £100.

13. Appointment of new staff

Value	Delegated Authority	Guidance
Any	The Principal (with approval of the Local Governing Body in the case of new posts) may appoint new staff but must ensure that staff costs as a percentage of income remains below 80% for the current year and forecast following year. Only if this is included in the budget. Any appointments that are not included in the budget need to be reported to the GFD. If projections indicate that staff costs will exceed 80% of income approval for the appointment must be sought from Group Finance Director***	Business case should be prepared which demonstrates that staff costs as a percentage of income following the proposed appointment

* Where budget holders do not have access to PS Financials, signed paper orders must be handed to Finance Officer to input into the system. For small schools where Business Manager and Finance Officer roles are combined, the Business Manager will enter the orders and Principal will be required to authorise the order.

** For small schools where Business Manager and Finance Officer roles are combined, the Principal will be required to request authorisation from the Local Governing Body.

*** Although Trust approval is sought for staffing appointments where total staffing costs exceed 80% of income, it should be noted that the target for all Academies is that staffing costs do not exceed 76% of income.