

FINANCIAL PROCEDURES MANUAL

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1. PURPOSE OF THIS DOCUMENT

The Board of Trustees (“the Board”) of Bradford Diocesan Academies Trust (BDAT) recognise their responsibility to ensure the financial affairs of BDAT are managed in a competent and professional manner.

This procedures manual outlines the overall responsibilities of the Board to deliver value for money, financial control, accurate and complete financial reporting as well as sound financial planning to demonstrate ongoing sustainability for BDAT.

This procedures manual is applicable for all locations within BDAT network of academies including BDAT.

The Board must ensure that there are adequate internal controls in place. There are a number of controls that should be applied by the Board. In practice, this will be through the:

- Board of Trustees/sub-committees
- Executive Team
- Local Governing Bodies/sub-committees
- Principal/Headteacher
- Business Managers

The Board will consider:

- Staff expertise
- Segregation of duties
- Documentation
- Register of business interests
- Financial Accounting systems and records.

BDAT and academies have financial procedures in place in accordance with this document.

This manual aims to clearly define and document effective financial controls and procedures for BDAT and their network of academies. It sets out the expectations for financial compliance.

2. FINANCIAL MANAGEMENT STRUCTURE

In order to meet the financial management and internal control objectives outlined above and its wider responsibilities to the Department for Education, BDAT’s finances will be managed within the following organisational structure:

2.1 Board of Trustees

The Board has ultimate responsibility for BDAT’s finances and has put in place the following organisational structure to make sure this responsibility is effectively met. The main responsibilities of the Board are prescribed in the Master Funding Agreement between the academy and the DFE. The main responsibilities include:

- Ensuring that the GAG grant is used for the purposes intended
- Approval of the annual budget
- Approve the scheme of delegation recommended by the Finance and Resources Committee (FARC)
- Appointment of Principal/Head Teachers
- Appointment of the Executive Team members
- Establishment of a Finance and Resources Committee, setting and varying its terms of reference and reviewing its work

2.2 Finance and Resources Committee

The FARC has been established with agreed terms of reference. It will oversee the financial affairs and audit requirements of BDAT and report as appropriate to the Board. The remit of this committee will cover all Academies within BDAT, as well as the BDAT structure. The Chair of the FARC will be a Board Trustee and other members of the committee will be appointed by the Board and will include the Director of Finance of the Trust.

2.3 Accounting Officer

The Chief Executive Officer of the Trust is the Accounting Officer (AO). The AO is responsible to the Board of Trustees for ensuring regularity and propriety, and for the economic, efficient and effective use of resources (i.e. ensuring value for money), and administration of the financial affairs of the Academies. The AO may delegate or appoint others, to assist in carrying out these responsibilities.

2.4 Director of Finance

The main responsibilities of the Director of Finance are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- Establishment of a regular framework of financial review at the individual academy level including regular meetings with Business Managers
- The management of BDAT's financial position at a strategic and operational level.
- Establishment and review of effective systems of internal control
- Ensuring that the annual accounts are properly presented and supported by financial records
- Monitoring Academy level financial reports
- Preparation of consolidated monthly management reports and accounts
- Authorising transactions according to BDAT's scheme of delegated authority
- Ensuring forms and returns are sent to ESFA
- Operating a central treasury function for BDAT
- Manage the BDAT finance team

2.5 Local Governing Body

The Local Governing Body (LGB) has been established with agreed terms of reference. It will oversee the financial affairs and audit requirements at Academy level and report as appropriate to the FARC.

The Chair of the LGB may be a Board Trustee and other members of the LGB will be appointed by the Trustees.

2.6 Principal/Head Teachers/Executive Headteacher/ Head of School

Principal's/Head Teacher's are responsible for delivering their individual Academy Development Plan (ADP) within the budget approved by the Board. They are also responsible for the internal financial controls within their individual academy. Much of the financial responsibility can be delegated to the Business Manager but the Principal/Headteacher still retains responsibility for:

- Approving new staff appointments within the authorised staff establishment structure and budget, except for any senior staff posts, approved by the Board.
- Authorising transactions according to the BDAT's finance scheme of delegation and tendering procedures.
- Managing the Academies delegated funding

2.7 Business Managers /Executive Business Managers

Each Principal/Headteacher will be supported by a (Executive) Business Manager (BM).

Key Responsibilities include:

- Preparing the draft and final three-year budget for approval by the Principal/Headteacher prior to approval by the LGB and then the FARC.
- Ensure that monthly processing and reconciliations on the accounting system are completed to ensure academy income and expenditure accounts are completed accurately and timely
- Completing monthly reconciliation of payroll.
- Monitoring cash flow
- Monitoring and authorising transactions according to the BDAT's finance scheme of delegation and tendering procedures, ensuring all procedures outlined in this manual are adhered to.
- Ensure that the reporting mechanisms meet the BDAT schedule

2.8 Internal Audit

The main purpose of an internal audit process is to provide the Board with assurance that:

- The financial responsibilities of the Board are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions

The Director of Finance has the authority to agree a planned programme of reviews and will report the findings to the FARC.

2.9 Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Board members, Local Governing Body members, and staff with significant financial or spending powers (both at BDAT and in any Academy) are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share-holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Board members, Local Governing Body members, and staff to declare interests whenever they are relevant to matters being discussed by the Board or Local Governing Body or any duly established committee. Where an interest has been declared, those involved should not attend that part of any committee or other meeting.

All Board members, Local Governing Body members and relevant staff as outlined above must complete a declaration of their business interests (outlined in Appendix 1). Each declaration will be held in the Register of Interests outlined and it is the Board and each LGB's responsibility to keep these declarations up to date and a full review must be completed annually.

3. FINANCIAL PLANNING – THREE YEAR BUDGET

BDAT prepares three-year budgets.

The budget is prepared as part of the development planning process. The development plan indicates how BDAT's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The BDAT development plan provides the framework for the Trust three-year budget. The budget is a detailed statement of the expected resources available and the planned use of those resources for the following year.

Each Academy is required to prepare three year budgets to be submitted to the FARC for approval within the Trust's deadlines.

4. FINANCIAL REPORTING & INTERNAL AUDIT

In order to meet the financial compliance needs of BDAT, a reporting timetable and an annual framework of financial review and internal audit visits will be issued by the Director of Finance.

5. FINANCE SYSTEMS & PROCEDURES

5.1 Accounting system

All the financial transactions of BDAT must be recorded on the PS Financials “Accounting System”.

5.2 Accounting System Access

Entry to the PS Financials system is password restricted. Access to the component parts and configuration structures of the accounting system is restricted and the Director of Finance is responsible for setting access levels for all members of staff using the system.

5.3 Academy and Central Accounting Key Responsibilities

Process:	Responsibility:
1. GAG income <ul style="list-style-type: none"> • Monthly GAG income less central charges • Bank Transaction journals • Bank Account Reconciliation 	BDAT Academy Academy
2. Sales/Lettings and other Income <ul style="list-style-type: none"> • Sales Invoices • Local Paying in slips • Control and bank account reconciliations 	Academy Academy Academy
3. Bank (Academy Bank Account) <ul style="list-style-type: none"> • Petty Cash • Income and Expense Journals • Bank Account Reconciliation • Purchase Ordering, Goods Received and Invoices • Purchase Ledger • Supplier Maintenance and Reconciliation • Control Account Reconciliation • Payment run approval • Cheques • BACS • Direct Debit • Credit Cards • Expense Journals 	Academy Academy Academy Academy Academy Academy Academy Academy Academy Academy Academy Academy
4. VAT ledger <ul style="list-style-type: none"> • Monthly Vat return 	BDAT
5. Payroll, Tax, Pension and Deductions <ul style="list-style-type: none"> • Expense Journals • Control and bank account reconciliation 	Academy Academy

5.4 PS Financial System Account Coding Structure and Guidelines

A document has been produced to enable clarity and consistency for all academies when coding income and expenditure. All income and expenditure headings are coded against a nominal code.

5.5 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this procedures manual. The procedures for the operation of the payroll, the purchase ordering system and purchase ledger and the sales ledger are outlined in the following sections of this manual.

Bank account and petty cash entries should be input locally and the input should be checked, reconciled and signed to evidence this check, by the Business Manager.

If payment is to be made between BDAT head office and a local individual Academy a central journal will be processed with the agreement of the Business Manager. Detailed information on the transaction processing for the accounting system is found in the PS Financials user training manuals.

5.6 BDAT Best Practice Guide

BDAT best practice guide provides a step by step annual procedures that allocates dates and deadlines for completion of financial responsibilities. This will enable (Executive) Business Managers to comply with ESFA and BDAT's financial and governance deadlines (included in Appendix 2).

6. PAYROLL SYSTEMS & PROCEDURES

The main elements of the payroll system are:

- payroll administration
- payments

6.1 Payroll Administration

The academy payroll is administered by a Payroll Bureau appointed by the FARC. All staff are paid monthly by BACS administered by the payroll bureau. The payroll bureau will hold a file for each employee which records:

- Salary
- Bank account details
- Taxation status
- Pension status
- Personal details
- Any deductions or allowances payable.

Amendments to this file will be handled through the Academy based on information provided by Academy BM's and passed over to the Bureau. The bureau will act as our agents with HMRC. Each year the payroll bureau will issue a timetable for payroll processing.

6.2 Payroll Payments

After the payroll has been processed but before payments are dispatched, the Director of Finance should authorise the salary payments for central staff. BM's should authorise the academy salary payments. Save for exceptional circumstances, all salary payments are made by BACS. Payroll records should be countersigned in line with bank mandates.

A reconciliation should be prepared between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases, overtime claims, attachment of earnings orders, student loans etc.

The bureau's payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The bureau has been authorised by the Board to make these payments on the due date by BACS.

The Director of Finance should regularly check a random selection of payroll payments for the calculation of gross to net pay to ensure that the bureau are performing to contract. Internal audit will also carry out a review on a periodic basis.

Monthly Payroll Journals should be processed locally on the BDAT finance system.

7. ORDERING AND PURCHASING

7.1 Effective Procurement

BDAT wants to achieve the best value for money from all our purchases to ensure all needs are met in terms of quality, quantity and time at the best price possible. It is important that procurement is effective and that framework deals and the use of "Deals for Schools" are checked to maintain Value for Money. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

It is vital that BDAT and the academies are effective procurers of goods and services. For effective procurement, you need to satisfy each of the following five 'rights':

- Procure the right **Goods or Service** - the most critical element of any procurement is ensuring that we purchase the right goods. For some higher value items it may be helpful to draw up a specification that outlines exactly what is needed.
- Buy the right **Quantity** – the higher the quantity the lower the price. Always ask a supplier if they are willing to offer volume reductions.
- Purchase items of the right **Quality** – a cheap item may not offer best value for money.
- Purchase at the right **Price** – there are two categories of costs when considering price:
 - purchase price - which covers the up-front cost of the item

- lifecycle costs, which include other costs that may be incurred in owning and running the item
 - the trust must pay no more than cost for goods or services provided by connected parties (see Business Interests)
-
- Consider both sets of costs when undertaking any purchase.
 - The right **Location** – ensure that the supplier knows exactly where you need the goods to be delivered.

Before authorising any purchase, consider that it is appropriate expenditure. Capital expenditure in connection with the original construction and fit out of the new academy premises are not covered by this manual.

7.2 Routine Purchasing

Budget holders will be informed of the budget available to them and it is their responsibility to manage the budget and ensure that the funds available are not overspent. A print detailing actual and committed expenditure against budget will be regularly supplied to each budget holder.

7.3 Financial Scheme of Delegation

The BDAT financial scheme of delegation runs in conjunction with this document, which outlines the financial limits to which BDAT employees can commit the company. The financial scheme of delegation sets out the controls which should be observed at both BDAT and in Academies.

It is suggested that verbal quotations are requested for purchases between £1,000 and under £2,000. For purchases over £2,000 and under £10,000 one written quotation must be obtained. For any purchases over £10,000 three written quotations must be obtained. All written quotations must be attached to the purchase order. Value for money must be considered for every purchase. For any tendering requirements over delegated authority contact should be made, in the first instance, with the Director of Finance.

7.4 Purchase Requisitions and Orders

Purchase orders (PO) ensure that the Academy has a precise record of what has been ordered, this can then be compared against items delivered.

PO's should only be used for goods and services provided to the Academy. Individuals must not use official orders to obtain goods and services for their private use. All purchases must be made through the PS financials PO processing system.

PO's should be passed through to the academy finance team who will:

- record it on the accounting system (thus raising a commitment entry)
- send an official order to the supplier

If paper copy PO's are printed they should be filed alongside requisition forms awaiting receipt of goods or services. Electronic copies are always available through the PSF system.

The PO will be approved on line by Business Manager/Head Teacher. Academies and central finance must maintain a register of authorised signatories.

7.5 Goods and Services Received

The Business Manager should make appropriate arrangements for the delivery of goods and services. All deliveries should be addressed to the academy or BDAT as appropriate and not to individual staff addresses.

The Business Manager must ensure that the academy has systems in place to ensure that a detailed check of the goods received against the delivery note is made and make a record of any discrepancies.

If no delivery note is received the Invoice received should serve as the delivery note and should be checked against the original PO. Discrepancies should be raised with the supplier without delay

A goods received note (GRN) should then be posted on the finance system.

7.6 Invoices Received

All invoices (INV's) must contain an official PO number. INV's should be matched to the GRN/PO before payment is made.

7.7 Invoice Payments

Payment of INV's will be made by the academy through their local academy bank account according to BDAT's Purchasing Terms & Conditions by BACS, cheque, direct debit or CHAPS as appropriate. The standard payment terms are 30 days from invoice date. Payment terms can be amended to suit more specific supplier terms.

A control record should be maintained for manual cheques detailing the cheque number, sequence of all cheque books received and the date of receipt. Cheque books should be kept in a safe when not in use and access to cheques must be strictly controlled.

7.8 Direct Debit Payments

Suppliers that are paid by direct debit will be entered on the purchase ledger as payment by "direct debit", so that these do not appear on the supplier payment run.

Direct Debits should be entered on to the purchase ledger as a XXPI based on a schedule of direct debit payment instructions by the supplier. Payments from local bank accounts can be reconciled to clear the supplier account.

7.9 Supplier Maintenance

Each academy and the BDAT finance team are responsible for the set up and maintenance of their own suppliers on the accounting system. When a supplier is set up from scratch in PS Financials, this automatically updates the web-portal.

7.10 Preferred Suppliers

BDAT is establishing a register of suppliers that Academies may choose to purchase from.

7.11 Self-employed Contractors

When engaging a contractor, particularly from a small or a one-man business, the employment status should first be established. If the individual is offered terms, e.g. an hourly rate of pay and/or equipment and materials are provided by BDAT, this can be regarded as an 'employment' and payment should be made via the payroll, with the appropriate payroll deductions being made.

To find out if someone is employed or self-employed, look at the Inland Revenue's website: www.hmrc.gov.uk/employment-status If in doubt, academies should seek advice from the Inland Revenue.

If the contract is for self-employment, Academies should consider whether the work falls within the construction Industry Scheme (CIS). Further information on this scheme is available if required from the Trust.

7.12 Capital Grants (including DFC & SCA)

Bids for SCA are invited twice a year and should be submitted using the Capital fund request form, and authorised by the Chair of Governors and the Principal/Head Teacher. These are forwarded to the Director of Finance/Director of Operations and then presented to the FARC for approval.

The amount of DFC awarded to each academy is allocated at school level by the ESFA. A Capital Fund Request Form authorised by the Chair of Governors and the Principal/Head Teacher should be completed before the DFC is released by BDAT to the academy.

7.13 Debit/Credit Cards

It is BDAT policy hold Debit/credit cards for non-cash/cheque payments. BDAT accepts that some payments for the supply of goods or services are most conveniently made by debit/credit card and will maintain company debit/credit cards for that purpose. Credit card transactions made in any month will be paid in full in the following month by means of a Direct Debit. Debit card transactions will be taken from the bank at the point of sale. The use of company debit/credit cards will be subject to rigorous control at all times and the credit limits maintained at a level commensurate with expected monthly levels of expense. BDAT prefers that staff do not use private credit cards when incurring expenses on behalf of the employer.

All card transactions must be accompanied by an appropriate voucher and receipt, retained for accounting purposes, and must be used solely for company purchases. Purchases made at BDAT are made only on the authorisation of a member of the executive team. Credit limits must be agreed with the Director of Finance

BDAT company credit cards are NOT used to draw cash.

Cards must be kept secure at all times and card numbers and PIN numbers are NOT to be divulged. All debit/credit card transactions must be reconciled monthly and authorised in line with the bank mandate.

8. LOCAL ACADEMY INCOME AND COLLECTION

8.1 Income received from parents

An electronic cashless system is the preferred method of collecting payments from parents, otherwise, all income received must be recorded in PSF against the income nominals. Any cash received must be receipted and paid into the bank in a timely manner.

8.2 Lettings/Charging Policy

The Business Manager is responsible for maintaining records of bookings of sports and other facilities and for identifying the sums due from each organisation.

The Academy finance team must establish a sales ledger account and produce a sales invoice from the PS Financials accounting system for individuals and organisations booking facilities. No debts should be written off without the express approval of the Director of Finance.

9. CASH MANAGEMENT AND BANKING

9.1 Custody

Receipts should be issued for all cash and cheques received. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe. For current insurance limit, please refer to the insurance policy.

Monies collected must be banked in their entirety in the appropriate bank account. The finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

9.2 Cash Management

The financial resources of BDAT will be managed through one main operational bank account together with a series of local academy bank accounts managed at the academy level. The current bank for BDAT and its Academies is Lloyds Plc.

9.3 Bank Accounts

When a new Academy joins the trust the Director of Finance or Director of Operations will authorise the opening of a Bank Account in its name.

- **Bank Deposits**
Particulars of any deposit must be entered on a paying-in slip, counterfoil or listed in a supporting book.
- **Bank Payments and Withdrawals**
All cheques and other instruments authorising withdrawal from local academy accounts or BDAT accounts must bear the signatures of two authorised signatories as per the bank

mandate. This provision applies to all accounts, public or private, operated by or on behalf of the board of trustees.

- **Bank Account Administration**

The DOF or the BM in individual Academies must ensure bank reconciliations are completed at least on a monthly basis. The Reconciliation process is completed between the PSF system and the bank statements. An unreconciled list of payments (if appropriate) must be produced once the final bank statement for the month has been reconciled.

9.4 Petty Cash Accounts

Each location can maintain a maximum cash balance of £1,000, although cashless is preferred, the cash is administered by the finance team and is kept in the safe.

The only deposits to petty cash should be from cheques cashed specifically for the purpose on the Bank Account. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the academy bank account.

In the interests of security, petty cash payments will be limited to £50. The FO is responsible for administering the Petty Cash Account and ensuring that it is balanced regularly.

9.5 Cash Flow Forecasts

The DOF and BM in individual Academies are responsible for preparing cash flow forecasts to ensure that there are sufficient funds available to pay for day to day operations

9.6 Investments

The board will approve any investments in line with the “Investments Policy”.

10. FIXED ASSETS

10.1 Asset register

Academies are responsible for maintaining an asset register of all equipment at their location. All items purchased with a value over £1000 must be entered in an asset register.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy’s financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

All IT equipment must be recorded on the register. Details recorded should include the date purchased (where possible) and the serial number (if one is available).

10.2 Disposals of Assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the DOF or in individual academies the BM. Any items with a disposal value of £5000 or over must be communicated to the DOF, who in turn would send the appropriate notification to the DFE. All disposals of land must be agreed in advance with the Secretary of State.

10.3 Loan of Assets

Items of BDAT/Academy property should not be removed from premises without the authority of the DOF/BM. A record of the loan must be recorded in a loan book and booked back in when it is returned.

11. ACADEMY CONTRIBUTIONS TO BDAT

As part of the finance strategy agreed annually by the trustees, Academies will contribute an agreed percentage of recurrent GAG income towards the cost of the central services and infrastructure, governance and BDAT wide ethos. This will include the following functions:

Central management, CEO Office, Communications, Finance, Governance Services, Education School Improvement Services, Internal and External Audit and Responsible Officer and other costs as agreed between the BDAT board and the LGB's.

12. INSURANCE AND RISK MANAGEMENT

12.1 Insurance

BDAT will maintain insurances with a group policy for the Academic year, co-ordinated centrally against the commonly identified risks which include (but are not limited to):

- Property Damage
- Business Interruption
- Money
- Engineering Inspection/Insurance
- Public Liability
- Employers Liability
- Hirers Liability
- School Journey
- Legal Expenses
- Personal Accident
- Fidelity Guarantee
- Governors/Trustees Liability
- Libel & Slander

BDAT will review all risks annually with a centrally agreed insurance provider and at all times in the light of specialist professional advice, to ensure that the sums insured are commensurate with the risks.

It is the responsibility of each location to inform the BDAT Finance department of all new risks, property equipment and vehicle, which require insurance or of any real or potential situations which require alterations to existing insurance policies. Each location has the responsibility of ensuring that BDAT property such as musical instruments or computers are insured when off BDAT premises.

All locations shall display such notices regarding insurances as shall be required by statute, in particular, the statement of Employer's Liability Insurance. At no time shall any location give any indemnity to any third party without the written consent of the insurers. Each Academy will handle claims direct with the insurers. The Director of Finance should be informed of any claims over £5000.

It is the responsibility of each Academy to maintain Motor Insurance and/or Absence Insurance.

12.2 Risk Management

Risk is one of life's certainties and how successfully organisations deal with it can have a major impact on the achievement of their key goals. Often relatively little is formally done to evaluate and manage risk.

BDAT has a Risk Management strategy which aims to raise awareness about the need to address strategic and operational risks and to provide good practical guidance for academies and BDAT departments to manage such risks in an effective and formal way. The online Risk Register must be completed and reviewed at least annually and as a live document updated as necessary.

The Accounting Officer is responsible for ensuring that an up to date register is maintained. This ties in with the audit and Annual Report and Financial Statements for trustee sign-off prior to submission to the DFE by 31st December each year.

DECLARATION OF INTEREST FOR THE YEAR ENDING AUGUST

Name:

Previous Names:

DOB:

Home Address:

Nationality:

1. Please list any relevant companies or organisations (i.e. those that the Trust/Academy may do business with) of which you are either the owner or joint owner, a director or trustee, a major shareholder:
2. Please list any relevant companies or organisations for which you work, either full time or part time:
3. Please list any relevant companies in which any relative (A relative is defined as a spouse, parent, sibling, son, daughter, in-law or common law partner) has a financial interest and which may be used by the school to provide goods or services:
4. Please declare any non-financial interests that you consider conflict with the School's interests, e.g. if you are involved in an official capacity with an outside organization or professional body which has dealings with the School.

BDAT Best Practice Guide

PSF

- 1 There are a set of fixed nominal codes that are controlled by BDAT (Appendix 3), these codes will match the information required to fill in the year end template
- 2 The Cost Centres are for use at Academy level to analyse budgets
- 3 Funding (Including Rates) – BDAT will populate all the funding that the ESFA allocate
- 4 LA Funding will come direct to the Academy
- 5 Inter Academy/MAT transactions are done centrally on completion of a recharge form (Always through Nominal 1300 for audit traceability)
- 6 PS Problems – Online help page, Advantage service (email or phone help line)
- 7 Upload Budgets – Consolidation.
 - a. Budget 1 – 1st Week September (latest)
 - b. Budget 2 – 1st Week January (latest)
 - c. Budget 3 – 1st Week March (latest)
- 8 Accruals/Prepayments/Accrued Income/Deferred Income
 - a. These should be posted monthly so that the Management Accounts show a true reflection of the current financial position
 - b. Budget Forecast Return Outturn (BFRO) March, Templates are completed and a realistic end of year forecast provided
 - c. Annual Accounts – August - Templates are completed and accounts prepared centrally
- 9 New Financial Year – this will be opened in August every year in preparation for the new year
- 10 Global shutdown – this means that all PSF systems will be automatically logged out on:
 - a. Wednesday – 5pm
 - b. Friday 5pm

Management Accounts/BFRO

- 1 Produce Management Accounts in line with the annual close down calendar provided by BDAT at the start of each financial year
- 2 ESFA Compulsory requirements that Full Management Accounts are produced monthly including Accruals/Prepayments

Budgets/BFR (Budget Processing Software – BPS)

- 1) Governor Approved Budget (GAB) (DoF deadline between 10th – 15th May) this enables the LGBs to scrutinise and question the budgetary detail. The budgets then can be presented to the FARC before Board Approval. (Deficit budgets will be rejected without a full business case and recovery plan)
- 2) **This MUST be processed in the NEW YEAR area of BPS and not as a scenario in the current year. Only roll year forward in September and DoF has authorised BPS Administrators.**
- 3) Once GAB has been presented and Approved by the Board this scenario MUST be uploaded to PSF – “BUDGET 1” regardless of any alterations.
- 4) The Academic Year starts on the 1st September and there will be many changes from a Budget that may have been created in March.

- a. Copy Scenario and start working on “Budget 2” up to 31st Dec
- b. No Changes then upload to PSF “Budget 2” by 1st week in January
- c. Changes to Budget, ensure Governors/Trustees are aware of any virements (significant budgetary movements between codes) then upload to PSF “Budget 2”
- d. This is repeated at “Budget 3”
- 5) Payroll Analysis – upload payroll reports to BPS so that automatic analysis can be completed. Variance/Exception analysis can then be provided to Authorised Person for confirmation.

Banking

- 1 Best Practice to minimise “Fraud” pay all suppliers by BACS
- 2 Each Academy pays all suppliers via BACS/Faster Payment
- 3 Each Academy receipts all income
- 4 Reconciliation is completed every month
- 5 Inter Academy transactions are processed centrally
- 6 BACS/Faster payments Central authorisation deadline is 1:00pm every day
- 7 Central Authorisation – ensure central staff are available before inputting payments

Year End

- 1 Annual SBM Meeting and/or Year End Meeting will take place June/July which will show the updated template
- 2 An update on the Annual Accounts Direction
- 3 An update from the Auditors
- 4 An update on the Academy Financial Handbook

Audit

- 1 Every year there will be Internal Audits and/or Peer Reviews to provide quality assurance that BDAT & ESFA policies, procedures and the Academies Financial Handbook are being adhered to.
- 2 There is an annual external audit performed by Saffery Champness.

Financial Cycle

<p>September ESFA: Start of academy financial year New Academies Financial Handbook BDAT/Academies New Funding Cycle Finalise Year End Template 15 Sep Complete Month End P Upload "Budget 1" to PSF 1st 16-19 Bursary</p>	<p>October BDAT/Academies: Complete Month End ESFA: 2nd Instalment Pupil Premium</p>	<p>November ESFA: 1st Instalment Sports Grant BDAT/Academies Complete Month End Submit SCA applications to BDAT</p>	<p>December BDAT/Academies: BDAT submit audited accounts – 31 Dec Revised Budgets submitted to DoF & LGB Upload "Budget 2" to PSF Publish Audit Accounts on BDAT website Complete Month End ESFA: BDAT submits AAR—31 Dec</p>
<p>January BDAT/Academies: Complete Month End ESFA: 3rd Instalment Pupil Premium</p>	<p>February BDAT/Academies: Complete Month End ESFA: Funding allocation for New Year published</p>	<p>March BDAT/Academies: Complete Full Accounts Month End BFRO to ESFA for academies Upload "Budget 3" to PSF Revised Budgets submitted to DoF & LGB ESFA: Funding allocation for New Year published Year 7 Catch – Up Pupil Premium</p>	<p>April ESFA: 2nd Instalment 16-19 Bursary 4th Instalment Pupil Premium BDAT/Academies: Complete Month End Provide BDAT with Rates Information</p>
<p>May BDAT/Academies: Academies submit 3 yr budget forecast to BDAT with LGB Approval. Complete Month End Audit Teacher Pension "EOYC" ESFA: 2nd Instalment Sports Grant</p>	<p>June ESFA: DFC Released Issues Accounts Directions in preparing financial statements Pay Rates Relief BDAT/Academies Complete Month End Open Bids for DFC</p>	<p>July BDAT/Academies: Confirms outcome Pupil Number Adjustment Auditors Meeting Complete Month End Teacher Pension Annual Return BDAT submit approved BFR to ESFA - 27 Jul ESFA: 1st Instalment Pupil Premium 17/18 Instalment 7/12 UIFSM - Current Year Instalment 5/12 UIFSM - New Year</p>	<p>August BDAT/Academies: Housekeeping PSF Complete Month/Year End Preparation for Audit</p>

Appendix 3

Nominal Code List – Income

INCOME CODES	Nominal Code	Description	Restricted / Unrestricted
	1000	<i>GAG Pupil Led Factors</i>	Restricted
	1003	<i>16-19 Funding</i>	Restricted
	1006	<i>UIFSM</i>	Restricted
	1013	<i>Bursary</i>	Restricted
	1020	<i>Rates Relief</i>	Restricted
	1050	<i>Pupil Premium</i>	Restricted
	1051	<i>Early Years Pupil Premium</i>	Restricted
	1052	<i>Year 7 Catch Up Premium</i>	Restricted
	1053	<i>2% School Improvement & Sponsor</i>	Restricted
	1054	<i>Sports Grant</i>	Restricted
	1075	<i>Other ESFA Grants</i>	Restricted
	1080	<i>L.A. Grants</i>	Restricted
	1085	<i>SEN Grants</i>	Restricted
	1090	<i>Income Generation</i>	Unrestricted
	1105	<i>Lettings Income</i>	Unrestricted
	1125	<i>Catering Income</i>	Unrestricted
	1100	<i>Donations/Fundraising</i>	Unrestricted
	1103	<i>Funds inherited on conversion</i>	Unrestricted
	1128	<i>Supply Teacher Insurance</i>	Unrestricted
1129	<i>Insurance Claim</i>	Unrestricted	
1131	<i>Trip Income PL</i>	Unrestricted	
1151	<i>Breakfast Club Income</i>	Unrestricted	
1152	<i>Extra Curriculum Income</i>	Unrestricted	
1155	<i>Head Office Top Slice</i>	Unrestricted	
1200	<i>Investment Income</i>	Unrestricted	
1300	<i>Inter Company Transactions</i>	Unrestricted	

Nominal Code List – Salaries

SALARY CODES	Nominal Code	Description	Restricted / Unrestricted
	2000	<i>Teachers Salary</i>	Restricted
	2005	<i>Teacher NI</i>	Restricted
	2010	<i>Teacher Pension</i>	Restricted
	2015	<i>Salary Recharged (internal)</i>	Restricted
	2200	<i>Teaching Assistant Salary</i>	Restricted
	2205	<i>Teaching Assistant NI</i>	Restricted
	2210	<i>Teaching Assistant Pen</i>	Restricted
	2250	<i>Student Liaison/Pastoral Salaries</i>	Restricted
	2255	<i>Student Liaison/Pastoral NI</i>	Restricted
	2260	<i>Student Liaison/Pastoral Pen</i>	Restricted
	2280	<i>Technicians Salaries</i>	Restricted
	2285	<i>Technicians NI</i>	Restricted
	2290	<i>Technicians Pen</i>	Restricted
	2300	<i>Premises Salaries</i>	Restricted
	2305	<i>Premises NI</i>	Restricted
	2310	<i>Premises Pen</i>	Restricted
	2500	<i>Invigilators Salaries</i>	Restricted
	2505	<i>Invigilators NI</i>	Restricted
	2510	<i>Invigilators Pen</i>	Restricted
	2600	<i>Learning Mentors Salaries</i>	Restricted
	2605	<i>Learning Mentors NI</i>	Restricted
	2610	<i>Learning Mentors Pen</i>	Restricted
	2630	<i>Finance Admin Salaries</i>	Restricted
2635	<i>Finance Admin NI</i>	Restricted	
2640	<i>Finance Admin Pen</i>	Restricted	
2645	<i>Admin Salary Recharge (internal)</i>	Restricted	
2650	<i>Librarian Salary</i>	Restricted	
2655	<i>Librarian NI</i>	Restricted	
2660	<i>Librarian Pen</i>	Restricted	
2700	<i>Catering Salary</i>	Restricted	
2705	<i>Catering NI</i>	Restricted	
2710	<i>Catering Pen</i>	Restricted	
2800	<i>Agency Supply</i>	Restricted	
2820	<i>Midday Supervisor</i>	Restricted	
2825	<i>Midday NI</i>	Restricted	
2830	<i>Midday Pen</i>	Restricted	
2845	<i>Cleaning Salaries</i>	Restricted	
2850	<i>Cleaning NI</i>	Restricted	
2855	<i>Cleaning Pen</i>	Restricted	
2900	<i>Apprenticeship Levy</i>	Restricted	

Nominal Code List – Expenditure/Capital/Balance Sheet

EXPENDITURE CODES	Nominal Code	Description	Restricted / Unrestricted
	3000	<i>Maintenance</i>	Restricted
	3005	<i>Equipment Maintenance</i>	Restricted
	3010	<i>Grounds Maintenance</i>	Restricted
	3110	<i>Cleaning Caretaking</i>	Restricted
	3125	<i>Occupational Costs</i>	Restricted
	3200	<i>Water</i>	Restricted
	3205	<i>Gas</i>	Restricted
	3210	<i>Electricity</i>	Restricted
	3250	<i>Rent Rates</i>	Restricted
	3260	<i>Insurance</i>	Restricted
	3310	<i>Security</i>	Restricted
	3340	<i>Letting Expenditure</i>	Unrestricted
	4001	<i>Teaching Material</i>	Restricted
	4040	<i>Student Bursary</i>	Restricted
	4125	<i>Student Transport</i>	Restricted
	4135	<i>Professional - Educational</i>	Restricted
	4150	<i>Exam Fees</i>	Restricted
	4155	<i>Educational IT</i>	Restricted
	4160	<i>Reprographics</i>	Restricted
	5000	<i>Catering Costs</i>	Unrestricted
	5100	<i>Phone Costs</i>	Restricted
	5135	<i>Operating Lease</i>	Restricted
	5140	<i>Professional - Non-Educational</i>	Restricted
5145	<i>General Office Costs</i>	Restricted	
5150	<i>Accountancy Services</i>	Restricted	
5151	<i>Audit</i>	Restricted	
5155	<i>Bank & Finance Charges</i>	Unrestricted	
5165	<i>Head Office top slice</i>	Unrestricted	
5170	<i>PFI Charge</i>	Restricted	
5200	<i>Furniture</i>	Restricted	
5300	<i>Non-Educational IT</i>	Restricted	
6000	<i>Staff Training</i>	Restricted	
6001	<i>Staff Absence Insurance</i>	Restricted	
6010	<i>Recruitment/Marketing</i>	Restricted	
6015	<i>Staff Expenses</i>	Restricted	
6016	<i>Trustee Expenses</i>	Restricted	
6501	<i>Trips Expenses</i>	Unrestricted	
6950	<i>Gain/Loss LGPS</i>		
6955	<i>VAT Adjustment</i>		
7000	<i>Depreciation Land and Buildings</i>		

	7005	<i>Depreciation Furniture & Equipment</i>		
	7010	<i>Depreciation Leasehold</i>		
	7012	<i>Depreciation Improvements</i>		
	7015	<i>Depreciation Motor Vehicles</i>		
	7020	<i>Depreciation IT</i>		
	7023	<i>Amortise Intangible</i>		
	7900	<i>RCCO</i>		
	7950	<i>Profit/(Loss) on Asset Disposals</i>		
	CAPITAL CODES	8100	<i>DFC Grant</i>	
		8105	<i>SCA Grants</i>	
8110		<i>Other Capital Grant</i>		
8120		<i>RCCO Receipt</i>		
8125		<i>Gifted Assets</i>		
8200		<i>Land & Buildings Acquisition</i>		
8210		<i>IT Acquisition</i>		
8220		<i>Furniture & Equipment Acquisition</i>		
8230		<i>Motor Vehicle Acquisition</i>		
8240		<i>Build Improvement Acquisition</i>		

BALANCE SHEET CODES	Nominal Code	Description
	9000	<i>Land & Buildings cost bfwd</i>
	9005	<i>Land & Buildings Accum Dep'n</i>
	9010	<i>IT Equipment at Cost</i>
	9015	<i>IT Equipment Accum Dep'n</i>
	9020	<i>Furniture & Equipment at Cost</i>
	9025	<i>Furniture & Equipment Acum Dep'n</i>
	9030	<i>Motor Vehicle at Cost</i>
	9035	<i>Motor Vehicle Accum Dep'n</i>
	9040	<i>Land & Building Improvement cost bfwd</i>
	9045	<i>Land & Building Improvement Accum Dep'n</i>
	9080	<i>Assets under Construction</i>
	9200	<i>Stock of Goods</i>
	9300	<i>Sales Ledger Control</i>
	9311	<i>Sundry Debtors</i>
	9315	<i>DfE Control – Unspent Bursary</i>
	9320	<i>Prepayments</i>
	9325	<i>Accrued Income</i>
	9335	<i>Investments</i>
	9406	<i>Bank - current</i>
	9410	<i>Credit Card</i>
	9420	<i>Petty Cash</i>
9425	<i>Pay-in Slip Control</i>	
9430	<i>Payment run Clearing</i>	

9500	<i>Purchase Ledger Control</i>
9510	<i>Other Creditors</i>
9515	<i>Intra-Company</i>
9520	<i>VAT Control</i>
9521	<i>VAT Input</i>
9522	<i>VAT Output</i>
9550	<i>PAYE/NI Control</i>
9600	<i>Accruals</i>
9605	<i>Deferred Income</i>
9630	<i>Trips Ledger</i>
9700	<i>Creditors > 1 yr</i>
9750	<i>LGPS Deficit</i>
9800	<i>Restricted Funds - GAG</i>
9805	<i>Restricted Funds - Other DfE</i>
9810	<i>Restricted Funds - Other</i>
9830	<i>Restricted Funds - Pension</i>
9840	<i>Restricted Funds - Fixed Asset</i>
9845	<i>Designated Funds - BAC</i>
9850	<i>Unrestricted - General</i>
9855	<i>Unrestricted - General</i>
9900	<i>Surplus/Deficit (In Year)</i>