



# The Engage Trust Finance Handbook

Revision 4 September 2017

The Engage Trust Finance Handbook (ETFH) has been written to ensure compliance with the Education Standards & Funding Agency Academies Financial Handbook (AFH) by all staff and trustees of the trust.

The ETFH is to be used alongside the AFH and updated annually to reflect any changes and to comply with the latest AFH.

### *Effective Date*

This revised handbook is effective from 1<sup>st</sup> September 2017 and will be reviewed annually in September following the publication of the revised AFH by the ESFA and then approved by the board of trustees at their 1<sup>st</sup> meeting post ESFA revision.

As a Multi Academy Trust the Engage Trust takes full control of the financial affairs of all schools and trading subsidiaries within the trust.

### *Current members of the trust are:*

The Short Stay School for Norfolk

The Pinetree School

Engage Educational Services Ltd (trading company)

Lodestar (part of EES)

The Roles and Responsibilities as detailed in Part 1 of the AFH are complied with by the board of trustees.

The board of trustees have appointed the Chief Executive Officer (CEO) Des Reynolds as the accounting officer for the trust, who complies with the specific requirements for financial matters as set out in the AFH including the probity of management of public funds using regularity, propriety and value for money.

The accounting officer for the trust has a scheme of delegation in place for the headteacher of each school in the trust and the Engage Educational Services Company Manager, copies of which are attached.

The delivery of the trusts detailed accounting processes have been delegated by the accounting officer to the Chief Financial Officer (CFO), Business Director Gill Wardlow.

The board of trustees have purchased HCSS Accounting financial software and HCSS budget planner software to facilitate compliance with the AFH by all schools and companies within the trust.

All transactions are processed in HCSS by the Trust Accountant (TA) & the trust Finance Team (FT), with staff undertaking training as necessary to fulfil their duties.

Monthly accounts are produced on an accruals basis by the 9<sup>th</sup> working day of each month.

All Engage Trust policies are available on the website and staff receive regular reminders and updates. New staff are notified of the trusts whistleblowing policy as part of their induction.

## ***Related Parted Transactions***

Register of Business Interest declarations are completed by all employees, governors, directors and members of The Engage Trust and any goods or services purchased from related parties are purchased and paid for at no more than cost unless under a contract of employment as per AFH 3.1.16,3.2. These are published on the website for members, directors and governors.

## ***Conflicts of Interest***

Directors and members understand and comply with their statutory duties as company directors to avoid conflicts of interest and not accept benefits from third parties to comply with AFH 3.1.12.

## ***Novel and Contentious Payments (AFH 3.3)***

Novel or contentious payments are those of which the trust has no experience, which are outside of the normal business for the trust or might give rise to criticism of the trust by Parliament, the public or the media. The Engage Trust seeks the EFA'S prior approval for investment transactions which are or may be deemed as novel or contentious as per AFH 3.3.

## ***Fraud & Corruption***

In accordance with AFH 4.8, the Engage Trust is committed to promoting an anti-fraud culture. It has an anti-fraud and corruption policy and procedures in place to reduce the likelihood of fraud occurring. These include a scheme of delegation and financial regulations, documented policies and procedures and a system of internal control. All cases of fraud, corruption and irregularity are taken very seriously and it is the Trust's policy to prosecute where justified, and to take appropriate disciplinary action where employees are involved.

The Engage Trust wishes to encourage anyone having reasonable suspicions of suspected or actual fraud, malpractice, corruption or irregularity to report them using the Trust's Whistleblowing Policy.

It is the responsibility of the Accounting Officer to review the adequacy of the measure taken by The Engage Trust, to test compliance and to draw attention to any weaknesses or omissions.

## ***Gifts & Hospitality***

The trust holds a separate policy with a declaration attached for completion by all staff if in receipt of the above. A copy of the policy and register is on the website and the register is held within the trust offices.

## ***Audit***

### **External Auditors**

The trustees have appointed Lovewell Blake to act as external auditors for the trust from 1<sup>st</sup> April 2015, in accordance with 4.1 of the AFH.

### **Internal Audit**

The trust board has appointed SBM Services Ltd to carry out the role of Internal Auditor for the board in accordance with AFH 2.4.9.

### **Audit Committee**

As per AFH 2.4.2 a separate audit committee is no longer required, this is now incorporated into the Audit Risk & Personnel (ARP) Committee's remit. The CEO, CFO & TA attend the audit committee to provide information and participate in discussions.

## ***Monthly Accounts***

Monthly accounts are produced on an accruals basis by the TA and provided to ARP with the relevant reconciliations and balance sheet.

The monthly reporting timetable for working days 4 to 8 is as follows:

Day 2 – Bank reconciliation completed

Day 8 – Final day for processing transactions in relation to the previous month

Day 9 – First supplier BACS run completed

Day 9 – Completion and submission of previous months VAT 126 & Group VAT return

Day 9 – Accruals and prepayments processed

Day 9 – Trial balance and reconciliations completed

Day 10 – Month end completed and reports prepared for ARP and budget holders

Day 10 – New month opened and actioned

## ***Budgeting***

The CEO & CFO set the budget in accordance with the planning and needs of the schools & companies within the trust. The board of trustees approve a balanced budget for each financial year to 31<sup>st</sup> August at their second meeting in the summer term to ensure submission to the ESFA by the 31<sup>st</sup> July.

HCSS budget planning software is used by the CFO to produce the budget.

Budget holders are provided with monthly reports to enable monitoring.

ARP meets monthly after the trusts financial month end procedures have been completed by the TA and finance staff.

Regular revisions of the budget take place throughout the year with the post Period 6 revision being taken to the board of trustees.

## ***Risk Management***

To comply with AFH 2.3.8 the trust has a risk register which is updated and reviewed at each ARP meeting.

## ***Expenditure***

### **Procurement**

The trust demonstrates value for money through competitive tendering when appropriate or other approved purchasing agreements as per the AFH 3.1.5.

The Engage Trust Procurement and Tendering Policy is an appendix to this handbook and details the trust's treatment of all procurement.

## **Ordering**

For **ALL** orders, manual order forms are raised and firstly authorised by the budget holder, then scanned and emailed to the Headteacher prior to being emailed to the CEO.

The second authorisation is by the CEO or CFO in his absence prior to the FT input to HCSS Accounting using the correct coding according to the budget approved by the Trust prior to submission to the ESFA in the preceding July.

Authorisation within the system is then actioned by either the CEO, the CFO or the TA depending on value.

Authorisation limits are as follows:

Alternative Provision up to £5000 by the Engagement Lead.

From £0 to £100 by the relevant budget holder.

From £101 to £5000 authorisation is by the relevant Head Teacher or the TA.

Between £5000 and £10000 authorisation is by the CFO.

Between £10000 and £20000 authorisation is by the CEO.

Over £20000 authorisation is by the board of trustees.

Once authorised the FT then place the order with the supplier.

When received the goods are receipted on HCSS by the relevant admin team in each base and delivery notes are posted to the FT.

## **Invoices**

Invoices are received by the FT and matched to the orders within HCSS, ensuring the following checks are made; VAT code and budgetary coding are correct.

Any invoices received without an order on the system are scanned and sent to the CEO who will ensure the above procedure is followed.

## **Supplier Payment Runs**

The Engage Trust payment terms are net monthly, payment due on the last day of the month following the one in which the invoice is dated.

Invoices are paid via BACS on the 24<sup>th</sup> of the month following the date of the invoice.

In accordance with HCSS Accounting procedures the payment run is initiated by one of the Finance Officers (FO) who checks each invoice included, ensuring correct coding and addition has been input.

The TA checks the payment run and advises the CFO of the total.

Once the total amount is approved for payment the FO prepares the BACS file within HCSS and moves it over to the shared drive to enable transfer to the Lloyds Bank Corporate On Line (COL) system.

The FO then collects the BACS file and imports it to the Lloyds COL system and actions the first authorisation of the payments.

The TA or CFO actions the second authorisation within the COL system and submits the file for payment.

Remittance advices are then sent electronically by the FO.

Once the payments have been confirmed as sent on the 24<sup>th</sup> the payment run is finalised within HCSS.

In exceptional circumstances if the suppliers bank details are not provided, payment may be made by cheque on the 24<sup>th</sup> of the month.

All orders, delivery notes, invoices and copy remittance advices are filed alphabetically by account code.

### **Direct Debits**

All direct debit mandates are authorised by two signatories one of which must be the CFO or CEO.

Direct debits invoices are processed through HCSS using the correct payment method for the period of the commitment.

### **Purchasing Cards**

Purchasing cards are issued to each site within the trust for the purchase of consumable resources and one is held within the FT at the trust head office for use when necessary. Examples of other card expenditure by the head office staff would be vehicle tax for the school minibuses, TV Licences per area, online purchases.

The ordering procedure above is followed for these purchases.

Cardholders are responsible for completing the monthly transaction log and submitting both the log and receipts to the FT by the 18<sup>th</sup> of each month.

Payment for these transactions is taken via direct debit.

All purchasing cards may also be used for any emergency expenditure (expenditure where it is not possible to provide an official order due to the timing of the emergency or the supplier is not able to accept orders), when authorised in writing by the CEO/CFO or relevant headteacher.

### **Petty Cash**

Each school or base within the trust and the trust head office, holds £100 of petty cash for incidental expenses. The transaction limit is £25. Expenditure over this amount must be claimed by the individual member of staff through the FT and will be reimbursed via the monthly BACS run.

The Engage Trust ordering process above must be followed for these purchases.

When the balance within the base falls below £30 the transaction log and supporting paperwork should be submitted to the FT for reimbursement.



## ***Income***

### **For services & provision provided**

Requests to invoice are passed to the FO who raises the invoice within HCSS and sends them through to the customer.

Upon receipt of the funds the paying in slip is completed and banked.

The invoice is then receipted in HCSS.

### **Lunch Income**

As this is income without invoice, when the income is received a Dinner Money Receipt is completed which is filed with the Nominal Receipt. The paying in slips are then completed, banked and receipted in HCSS.

### **For damage by students**

The minimum level for charging is set at £10.00.

When damage occurs and the relevant headteacher requests an invoice to be sent to the parents/carers for the costs, the FT need to be notified by email to [finance@locksley.norfolk.sch.uk](mailto:finance@locksley.norfolk.sch.uk) within 24 hours of the incident by the base admin lead/officer.

An invoice is then raised within HCSS for the repair/replacement costs taking into account the minimum of £10.00 and returned to the base admin lead/officer for sending to the parents along with a letter from the headteacher.

### **Credit Control**

Our payment terms are 30 days and chasing of overdue payments is actioned on a monthly basis. If payment is not received a copy of the invoice is sent followed up with a phone call and letter. If required we will then instruct our local solicitors Diamonds Solicitors to contact the customer on our behalf requesting payment.

### **Bad debts**

Invoice overdue by 90 days are sent a final demand and then if funds are not received:

- Under £20000 - the CEO provides written authorisation for a write off.
- Over £20000 - full details taken are to the next board meeting for authorisation to write off.

## ***Funding***

Funding is received directly into the trust bank account and is receipted against the invoice if relevant or coded directly from within the bank reconciliation screen according to the remittance advice received.

## ***Banking***

The trust bank accounts are held at Lloyds Bank Plc, 16 Gentleman's Walk, Norwich. The accounts are business current accounts operated with two signatories needed for all transactions and actions.

The trust has the following bank accounts:

The Engage Multi Academy Trust  
The Engage MAT (for NSFT/Compass contract income)  
Engage Educational Services Limited  
Engage Edu Assessment Centres

## ***Cash Management***

Monthly bank reconciliations are actioned as part of the trusts financial month end procedures. A detailed cashflow reconciliation is actioned on a daily basis to ensure the trust's cash position is maintained. Investment of surplus funds is actioned by the CFO with the best interests of the board, students and employees ensured at all times.

## ***Tax***

The Engage Trust and Engage Educational Services Ltd are registered as a VAT Group with HMRC and the VAT and VAT126 returns are actioned each month by the TA using the facility included within HCSS. The returns are then checked by the CFO prior to submission to HMRC.

## ***Assets***

All acquisitions follow the ordering procedures above; disposals are approved by the trust board. Both of these actions are in agreement with AFH 3.8.

The trust fixed asset register is held at Drayton Old Lodge and updated accordingly with new acquisitions and disposals.

When equipment is issued to staff receipts are completed and held with the relevant Admin Lead.

An annual check of equipment takes place in the Autumn Term by the Premises Committee.

## ***Insurance***

The trust is a member of the Department for Education's Risk Protection Arrangement scheme and purchases Motor Insurance and Statutory Inspections of relevant items of lifting equipment and pressure plant from Marsh UK in addition.

## ***Payroll***

NCC are contracted to provide our payroll service.

### **Claim forms**

Claim forms are the responsibility of the claimant. They need to complete the form, obtain authorisation from their line manager then scan and send them through to [claims@engagetrust.org](mailto:claims@engagetrust.org).

All claim forms are completed and submitted in the relevant month to comply with the ESFA guidelines on monthly accounting.

### **Payroll Files**

NCC send the payroll file through to the TA & Operations Manager (OM) for checking, errors are identified and advised to NCC who make the necessary adjustments. A final payroll file is then generated and sent to the TA & OM for confirmation of the final BACS amount to be debited from the Trust bank account on the 19<sup>th</sup> of the month.

Along with the third party payments details on the 26<sup>th</sup> of the month, NCC provides detailed financial payroll reports which are reconciled by the TA. The third party payments are paid via BACS on the 7<sup>th</sup> of the month and the payroll journals are posted to the relevant cost centres via HCSS.

The final authorisation for all payroll payments and postings into HCSS are carried out by the CFO.

*Contact Details for Finance Packages used*

For HCSS Accounting:

**Email:**        [Support.AccountingHCSS@theaccessgroup.com](mailto:Support.AccountingHCSS@theaccessgroup.com)

**Phone:**        **0845 340 4547 (HCSS Accounting queries only)**

For HCSS Budget planner:

**Email:**        [softwaresupport@hcsseducation.co.uk](mailto:softwaresupport@hcsseducation.co.uk)

**Phone:**        **0845 521 2189**