



St Francis of Assisi
CATHOLIC ACADEMY TRUST

FINANCIAL CONTROL MODEL (FCM)

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1.0 Background

As part of a Catholic Academy Trust, all Academies must ensure they adhere to the guidance outlined in the Academies Trust Handbook. As a result of this requirement, the Directors aim to have tight control and oversight of the Finance function and financial performance of the Trust. As a result of this the FCM has been created.

In year one, the Trust has used a hybrid model of buying in financial assistance from Herts for Learning and work from the in house Finance teams to prepare monthly management accounts, 3 year budgets and contract registers. All of these documents were distributed to the CFO for consolidation. Although this process meant information was prepared per the Academies Trust Handbook, the timing of this information has often been slow and with regards to budgets especially, timely and up to date information was not always available to the Directors.

As a result of the above, The CEO and CFO have held in depth discussions with experts in the Academy Finance sector and as a result of these meetings, the FCM has been created. The FCM will be used to provide Head Teachers with a framework that will allow them to have up to date financial information at all times in order for them to make timely decisions in line with their responsibilities outlined in the Scheme of Delegation.

The FCM is a hybrid model of the current financial processes in place across the Trust and will ensure support is provided to head Teachers so they can undertake their financial responsibilities and Local Finance Chairs and the Trust Finance Committee can receive current financial information so efficient and effective decisions can be made at all times. No changes to the Scheme of Delegation have been made as a result of the FCM being created.

2.0 Aims of the FCM

1. To improve the quality of education and deliver this across the Trust for a lower per pupil cost than at present;
2. To give those with ultimate financial accountability (Executives and Directors) regular high quality Academy and Trust summary financial information and allow them the ability to co-ordinate finances across the Trust;
3. To ensure those in the Trust with local operational responsibility (Heads and Executives) can work in partnership to deliver long-term strategic financial stability for the Trust;
4. To deliver a central system for procurement and ensuring contracts are reviewed and approved centrally to identify and obtain savings.

3.0 Timeline – Implementation of the FCM

The following outlines the timeline for the FCM to be implemented by the CFO with the assistance of the Directors, CEO and Head Teachers of each Academy.

Date	Actions
14 th September 2022	Discuss initial FCM with Directors
22 nd September 2022	Hold initial meeting with two Head Teachers to discuss FCM proposal
6 th October 2022	Present FCM to Head Teachers at Heads meeting and obtain feedback
7 th October 2022	Amend FCM based on Head Teacher feedback if required
7 th October 2022	Roll out FCM Appendices for P2 month end management accounts
October 2022	HfL/Finance leads begin roll out of monthly finance summary to be produced by HfL and signed off by Heads alongside monthly Management accounts.
18 th October 2022	Present FCM to Directors at Trust Business Committee and ask Directors to approve.
End October 2022	Draw up advert for Trust Finance Manager (TFM) and ask Directors to approve.
October/November 2022	Place advert for the Trust Finance Manager (TFM).
November 2022	Provide finance leads training on purchase order and invoice processing.
November 2022 - January 2023	Appoint TFM
November 2022 – January 2023	Provide Head Teachers training on the Management Accounts and monthly summary report outlined in Appendix One.
November 2022 - March 2023	TFM joins and shadows HfL
April 2023	Serve notice on HfL if TFM appointed
April 2023	TFM takes on role of preparing Management Accounts and assisting Heads and Finance leads on a daily basis
31 August 2023	HfL contract for financial services ceases
September 2023	TFM takes on HfL role within the Trust

In order to achieve its key aims, the FCM will deliver the following with regards to monthly financial information reporting.

4.0 Monthly Financial Information

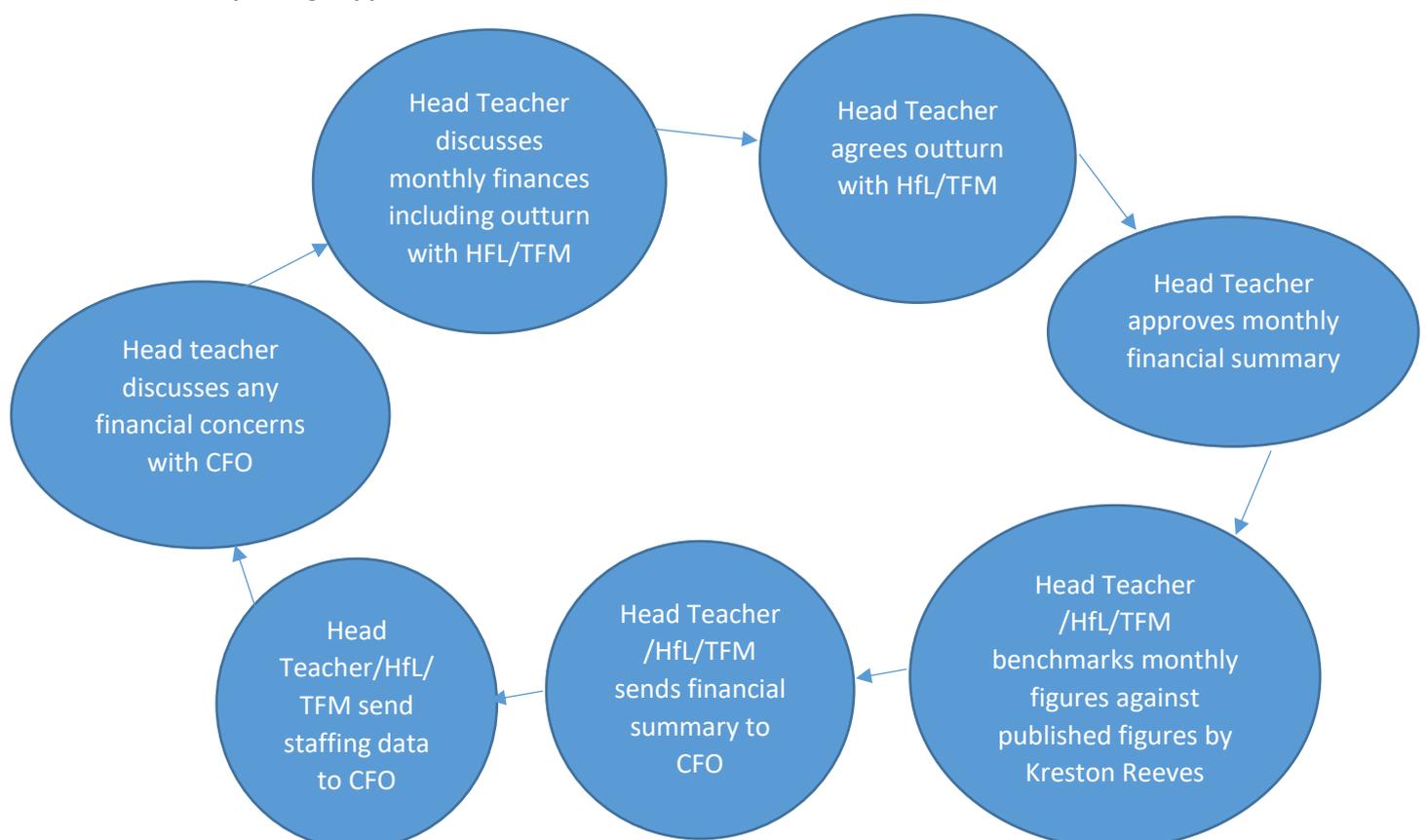
The FCM will report financial information on a monthly basis in the following way:

Financial support for Head Teachers

- Management Accounts
 - o Monthly Management Accounts are to be prepared by working day 15 and the Head Teacher is to complete and sign the pre populated monthly financial summary pro forma (see Appendix One) and send to the CFO outlining the key variances in the outturn, why these arose and what is being done to ensure savings or additional costs are made in other areas to ensure the budget is met.

- Outturns will be prepared by HfL (up to 31 August 2023) /TFM (September 2023 onwards) however, discussions and final sign off on the monthly figures is the responsibility of the Head Teacher of each Academy.
- Rolling 3 year budgets
 - Heads will update the live staff list to the CFO on a monthly basis to ensure budgets accurately reflect the up to date situation. These staff lists are also to include vacant posts that have not yet been filled. Scale information, FTE, start and end dates and temp or permanent information will also be required.
 - Heads will provide the CFO a summary of staffing costs and how these vary against the agreed budget. Reasons for the variances will be included on a summary document and considered for the rolling 3-year budget. (See Appendix One).
 - A summary of the rolling 3-year budget projections is to be prepared each month by the Finance leads and HfL (up to 31 August 2023) /TFM (September 2023 onwards) to take into account recent government announcements, staffing changes and contract updates. (See Appendix One). The CFO will review this information.
 - CFO will provide budget assumptions throughout the year to ensure figures are kept accurately up to date.
- Finance Chairs of each Academy will confirm that they have had the outturn presented to them and this has been scrutinised when the Governors meet. This sign off is to be sent across to the CFO.
- Local Governing Boards should receive a summary of the financial situation in their Academy each time they hold a meeting.

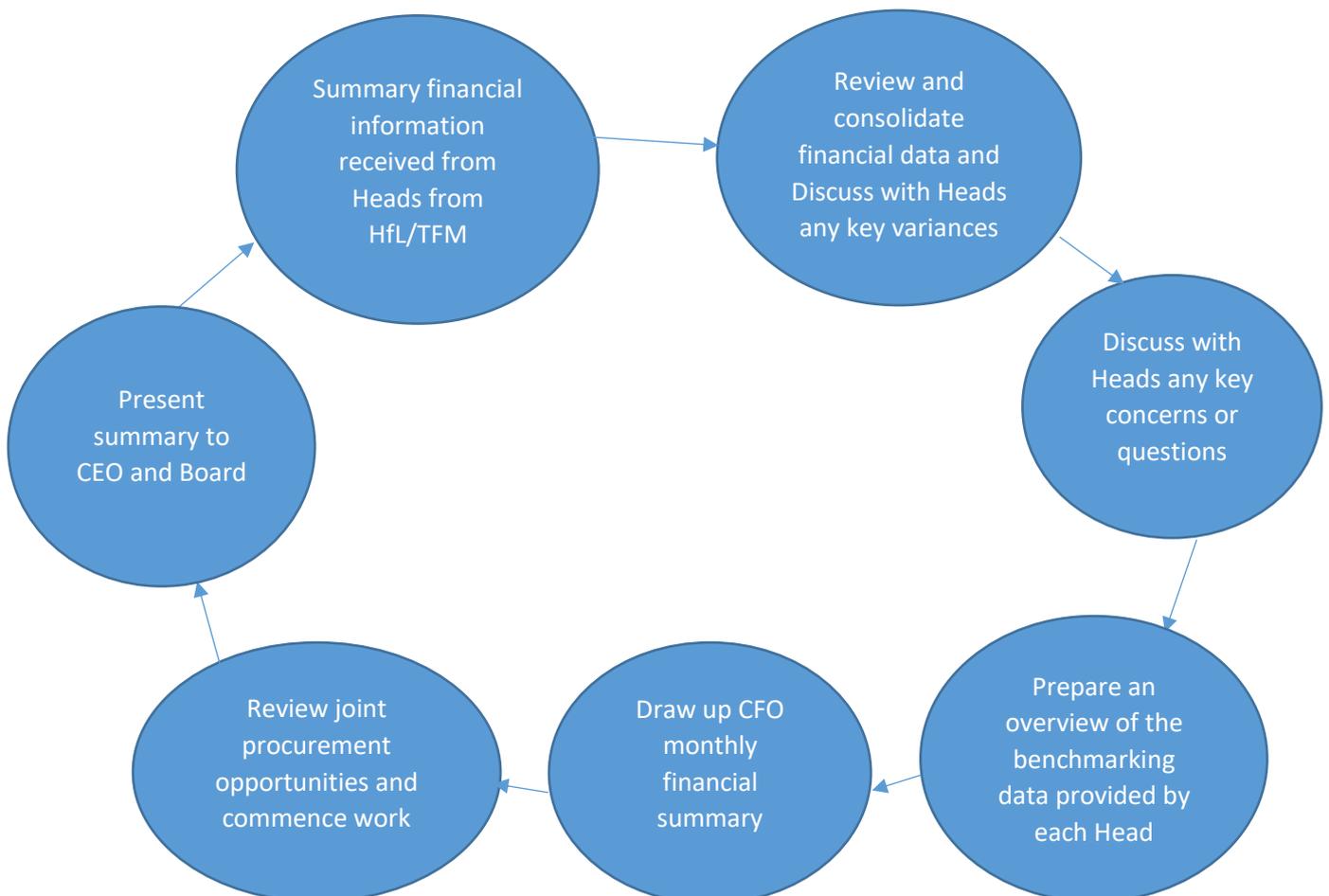
Financial reporting support for Head Teachers - Flowchart



Financial reporting requirements for Chief Financial Officer

- All financial information signed off by the Head Teachers will be sent across to the CFO and the CFO will prepare a summary document for the CEO and Trust Board, which consolidates all Academies so they are reported at the individual Academy and Trust level. Appendix Two will be used for the CFO report.
- The CFO will include monthly updates on the following:
 - Management Accounts (including cash flow);
 - Outturn against budget;
 - Including salary monitor outturn for Trust.
 - 3 year rolling budget for the Trust;
 - List of contract opportunities to joint procure on behalf of the Trust.
- CFO will identify joint procurement in the Trust and will obtain quotes, specifications and feedback from Heads before entering into a new contract.
- The CFO will ensure all monthly summaries are sent in within the set deadlines and report to the Board in line with the Academies Trust Handbook section 2.19 which states: “Management accounts must be shared with the chair of trustees every month irrespective of the trust’s size, and with the other trustees six times a year, even if they do not meet in each of those months.”
- CFO will assist Academies with ad hoc financial queries and review all financial data for the Trust.

Financial reporting requirements for Chief Financial Officer – Flowchart



5.0 Periodic Financial Information

The FCM will report the following information during the year from Heads and the CFO as per the TACCT:

- Variance analysis on previous year's financial performance including comments on all large variance by the Head Teachers.
- Financial data from the year end figures so each Academy can be benchmarked.
- Curriculum led planning (every Academy's proposed staffing for the following year) from each Head.
- Rolling budgets will be expected throughout the year on a monthly basis however by June a final 3 year budget is to be prepared by each Academy (with the support of the CFO), approved by the Head and their Local Board. This 3 year budget will then be sent to the CFO who will provide assumptions for all Academies in the Trust to implement.

6.0 Year-end Financial Information

HfL will continue to be used to support with the year end financial processes for the Trust. The following work will be undertaken by HfL at the request of the CFO to provide deliverable required for the Auditors. The financial year end results in additional work for the finance teams therefore it is proposed that an external advisor (HfL) is still used for this process.

- Audit schedules will be prepared by HfL which collate information on:
 - Prepayments
 - Accrued income
 - Deferred income
 - Accruals
- HfL will update Fixed Asset Registers.
- HfL will make period 13 adjustments within the Access software.
- HfL will check year end trial balances to ensure they agree with the Audit Schedules.
- CFO will oversee the year end work and ensure audit deadlines are met.

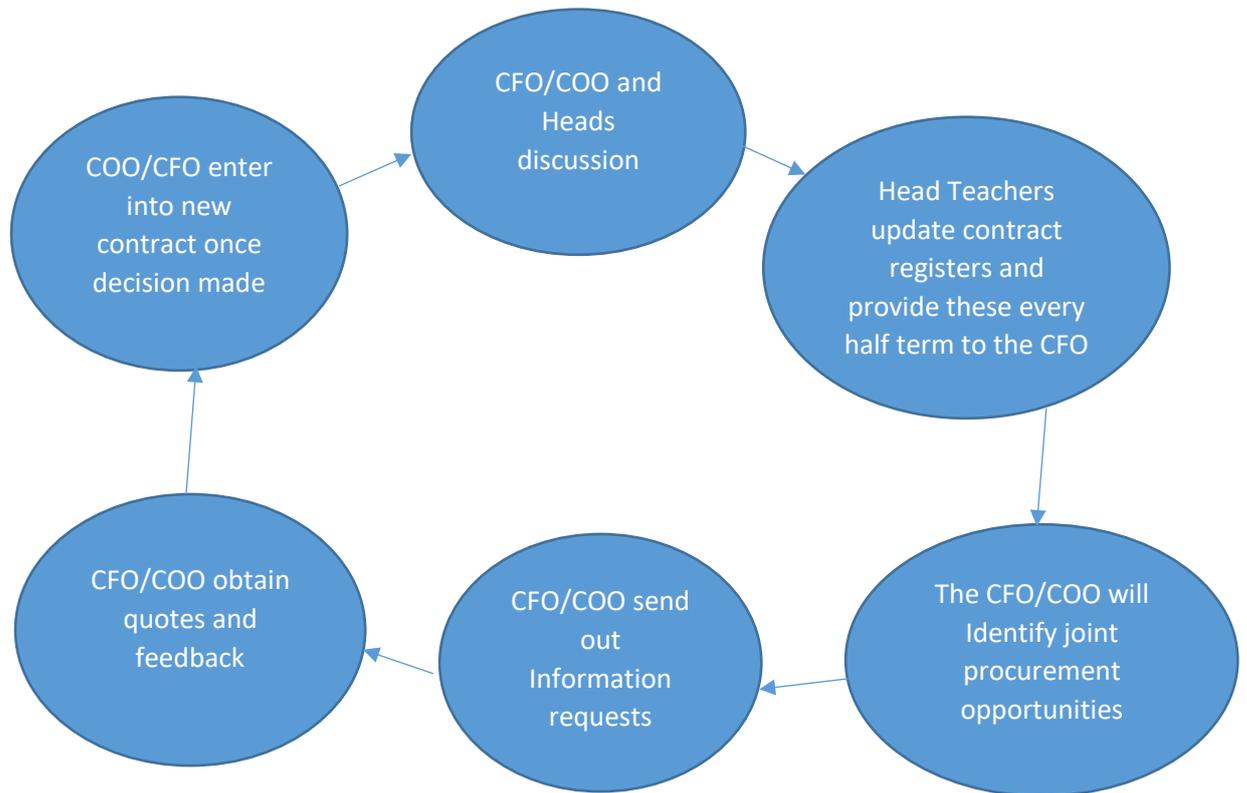
7.0 Joint Procurement and Contract Monitoring

The FCM will deliver contract savings and joint procurement across the Trust. To do this the following steps will be implemented for all contract purchases:

- Regular meetings will be held between the CFO and Head Teachers to discuss upcoming contract renewals.
- Contract registers will be reviewed and updated by individual schools on a half termly basis. These will be provided to the CFO and COO as soon as they are updated.
- Common contract needs will be identified across the Trust (via an item on the Head Teacher meetings agenda) and information requests to each Academy on their contracts will be distributed.
- Key contracts will then be procured centrally by the CFO and COO and feedback on the potential contracts to Heads before they are entered into. Feedback will include:
 - Contract length

- Cost
- Specification
- Any drawbacks compared to current contracts
- For year one, 3 key contracts will be focussed on. The 3 key contracts will be identified at the Head Teachers meetings in the Autumn term.

Joint procurement - Flowchart



8.0 Order and Invoice Processing

The FCM will require each Academy in the Trust to raise Purchase Orders within the Financial Management system and have these authorised via physical/email sign off by Budget Holders/Head Teacher. The Purchase Order system will ensure finances are robustly monitored and all invoices (where possible) can be matched to a purchase order. Head Teachers should ensure Purchase Orders are implemented going forward if they are not already in place as this process is designed to tighten spending and oversee it in greater detail. Purchase orders allow overspends to be stopped before they occur therefore this is a vital process within a strong Financial Control Model.

The use of Purchase Orders ensures cost centres can be tracked on a daily basis and any unbudgeted expenditure can be stopped before it occurs.

All purchase invoices are to be entered on a weekly basis in house by the Finance leads with the assistance of HfL (up to 31 August 2023) /TFM (September 2023 onwards).

The CFO will assist where required with regards to any Purchase Orders or transactional queries.

Management Accounts will be prepared on a monthly basis with the assistance of HfL (up to 31 August 2023) /TFM (September 2023 onwards). Management Accounts are to be discussed with the Head Teacher and approved before they are sent across to the CFO.

Purchase orders will enhance the month end reporting process as commitments will correctly be shown within the Access Finance system and therefore future spending versus budget can be monitored more accurately each month.

9.0 Contingency Plans

In the absence of the TFM or Finance Leads for any reason, short term support will be obtained from HfL to assist with order and invoice processing, completing Appendix One and preparing the Monthly Management Accounts. This contingency plan ensures the monthly reporting process will never be affected by unforeseen circumstances.

Appendix One

Academy Financial summary for the month

(To be completed by Head Teacher with assistance from HfL/TFM)

Academy name:

Outturn:

The outturn for the Academy this month is as follows:

	Actual (YTD)	Budget (Annual)	Outturn	Variance
Income				
Staffing expenditure				
Other expenditure				
In year surplus/(deficit)				
Brought forward surplus/(deficit)				
Carry forward surplus/(deficit)				

HfL/TFM to complete

The key reasons for the outturn variances are as follows:

-
-
-

As Head Teacher I would like to raise the following financial opportunities and concerns based on the monthly figures:

-
-
-
-

Cash flow position:

Cash balance at the end of the month is:

- £

If there are any cash flow concerns please list these below:

-
-
-

Staffing outturn

Salary category	Actual (YTD)	Budget (Annual)	Outturn	Variance
Teaching				
Teaching Assistants				
Midday Supervisors				
Finance and Admin				
Site Team				
Cleaning				
Other staff				
Technicians				

The key reasons for the salary outturn variances are as follows:

-
-
-

Agreed 3-year budget:

	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Total income			
Total Expenditure			
In year surplus/(deficit)			
Brought forward reserves			
Carry forward reserves			

Rolling 3-year budget:

	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Total income			
Total Expenditure			
In year surplus/(deficit)			
Brought forward reserves			
Carry forward reserves			

Contracts

The following three key contracts are coming up for renewal and I would like the Trust to look into procuring these services centrally:

- 1.
- 2.
- 3.

Pupil projections

	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Pupil numbers per budget			
Pupil numbers now expected			

Explanations for movement in pupil numbers:

-
-
-
-

Signed by Head Teacher:.....

Head Teacher is to sign this document as a true reflection of the current financial situation in their Academy. Forms are to be sent to the CFO by working day 20 of the following month.

Appendix Two

Trust financial summary for the month

(To be completed by CFO)

Executive summary for the month

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-
-
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Outturn for the Trust:

The outturn for the Academy this month is as follows:

	Actual (YTD)	Budget (Annual)	Outturn	Variance
Income				
Staffing expenditure				
Other expenditure				
In year surplus/(deficit)				
Brought forward surplus/(deficit)				
Carry forward surplus/(deficit)				

The key reasons for the outturn variances are as follows:

-
-
-
-

Cash flow position:

The total cash balance at the end of the month for the Trust is:

- £

Staffing outturn

Salary category	Actual (YTD)	Budget (Annual)	Outturn	Variance
Teaching				
Teaching Assistants				
Midday Supervisors				
Finance and Admin				
Site Team				
Cleaning				
Other staff				
Technicians				

The key reasons for the salary outturn variances are as follows:

-
-
-

Agreed 3-year Trust budget:

	22-23	23-24	24-25
Total income			
Total Expenditure			
In year surplus/(deficit)			
Brought forward reserves			
Carry forward reserves			

Rolling 3-year Trust budget:

	22-23	23-24	24-25
Total income			
Total Expenditure			
In year surplus/(deficit)			
Brought forward reserves			
Carry forward reserves			

Contracts

The following three key contracts have been identified as contracts to procure at Trust level and will be focussed on in the coming months:

- 1.
- 2.
- 3.

Signed by Chief Financial Officer:.....

CFO must sign this document as a true reflection of the current financial situation in the Trust. Forms are to be sent to the CEO by working day 25 of the following month.