



Mercia Primary Academy Trust

Finance Handbook 2020

Requirements for Trustees

Date: March 2020

Review Date: March 2023

1. Purpose

To demonstrate compliance with the financial framework set out by the Education & Skills Funding Agency (EFSA) in its Academies Financial Handbook.

2. Recommendations

R1. The Director of Finance and Operations reviews reporting mechanisms so as to allow the Chair of Finance monthly management accounts, in line with the new requirements of the Academies Financial Handbook.

R2. Trustees should read the 2018 Financial Handbook, so as to be aware of the framework that governs the financial management of the Trust.

3. Background

The EFSA has issued the annual [Financial Handbook for Academies](#) for 2018. This summarises what the Trust should do, to ensure it is compliant with the financial and governance requirements of charity and company law. Compliance with the Academies Financial Handbook is part of our Funding Agreement.

The handbook contains a set of 'musts' for all Academies. These have been updated and changed for 2018. It is best practice for Trustees to be aware of the requirements and of how Conyers Trust complies with them.

Annex C of the handbook contains a list of 10 'musts' for Trustees. These are included in this report (4.0) and a table showing how we meet them (5.0). The numbers in brackets are the EFSA's reference to the relevant sections in the Handbook.

4.0 The Top 10 'musts' for chairs and other trustees

Personal responsibilities

1. Apply highest standards of governance; comply with charitable objects, with **duties as company directors**, with charity law and with the funding agreement [1.3.3].

Structures

2. Ensure the board of trustees **meets at least three times a year**, and conducts business only when quorate [2.1.2].
3. Approve a written **scheme of delegation** of financial powers [2.1.3].

Relationships

4. Ensure there are measures to manage conflicts of interest, be even-handed in relationships with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits specified in this handbook [3.10.1 to 3.10.22].

Money and oversight

5. Ensure the board approves a balanced budget for the financial year and minutes their approval [2.3.1].
6. Ensure management accounts are shared with the chair of trustees monthly, with the other trustees six times a year, and are considered by the board when it meets, taking action to maintain financial viability [2.3.3].
7. Ensure decisions about executive pay follow a robust evidence-based process reflective of the individual's role and responsibilities, and that the board's approach to pay is transparent, proportionate and justifiable, in line with the handbook [2.4.3 and 2.4.4].
8. Establish an audit committee, or a committee fulfilling the functions of an audit committee, to provide assurance over the suitability of, and compliance with, the trust's financial systems and operational controls and to manage risks [2.9.1 to 2.9.8].

Accountability and audit

9. Submit audited accounts to ESFA by 31 December [2.8.4].
10. Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control [4.3.1].

5.0 How the Trust discharges these responsibilities

The Trust has a rigorous governance and financial management system in place. Much of this was already in place, such as registers of interests, setting balanced budgets etc pre conversion. The Trust has worked since 2013 to ensure its ongoing compliance with the Academies Financial Handbook.

This is documented in the Articles, schemes of delegation and financial handbook. It is subject to regular audit by our independent external auditors.

The Finance Committee of the Trust, which also has the official role of Audit Committee oversees or discharges a number of the top 10 'musts'.

As the Chief Financial Officer, on behalf of the Accounting Officer, I also oversee or discharge a number of these duties.

There is only one area in which the Trust does not fully comply as at 1st July 2018 and that is Item 6. *Ensure management accounts are shared with the chair of trustees monthly, with the other trustees six times a year*

We have not produced monthly management accounts, having opted for termly reporting on the budget. From Sept 2018 I will put in place arrangements to ensure compliance with this new requirement and report further on this at the full Trust meeting, when considering the Forward Plan.

5.0 How the Trust discharges these responsibilities (con)

Ref	Must Do	Assurance met	Follow Up
1.	Apply highest standards of governance, comply with charitable objects, with duties as company directors , with charity law and with the funding agreement.	Annual Report Company Secretary Members Audit Compliance with AFH	
2.	Ensure the board of trustees meets at least three times a year, and conducts business only when quorate	Trust Forward Plan Company Secretary Independent Clerking Service	
3.	Approve a written scheme of delegation of financial powers	Trust Financial Handbook approved annually.	
4.	Ensure there are measures to manage conflicts of interest, be even-handed in relationships with related parties, and ensure goods or services provided by them are at no more than cost.	Register of Interests Independent Clerking Service No business done with related parties.	
5.	Ensure the board approves a balanced budget for the financial year and minutes their approval.	Finance Committee of Trust in July Director of Finance	
6. NEW	Ensure management accounts are shared with the chair of trustees monthly, with the other trustees six times a year, and are considered by the board when it meets, taking action to maintain financial viability.	Regular financial reporting to LGB and Trust Finance Committee. (Five times) Director of Finance	New 'must'. Review reporting mechanisms for 2018/19
7.	Ensure decisions about executive pay follow a robust evidence-based process reflective of the individual's role and responsibilities, and that the board's approach to pay is transparent, proportionate and justifiable.	National teaching terms and conditions applied to all senior managers. Head teacher Appraisal Board	
8.	Establish an audit committee, or a committee fulfilling the functions of an audit committee.	Trust Finance Committee fulfils this function in full	
9.	Submit audited accounts to ESFA by 31 December	Audit and reporting arranged so as to ensure submission in early Dec.	
10.	Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control	Chair of Finance received audit reports Trust Finance Committee receives all audit reports with management response. Appointed Auditor	

Signed

Director, Mercia Primary Academy Trust

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Version	Date Approved	Changes	Reasons for Alterations & signature
1	July 2018		