

## Finance Services

### On site finance support service for academies

#### On-site support for 10, 20, 30, 40 or 50 days

This service provides support for academies' financial tasks and responsibilities, as demand arises. We provide a fully-trained team member with excellent knowledge of academy finance who will spend the day up-skilling and supporting your finance team.

#### Key features of this service:

We can offer a range of support depending on your individual trusts' requirements:

- **Trial balance health check**

Support and guidance to ensure your finance system is robust for reporting and putting a month close process in place

- **Grant and reserves analysis**

Reviewing your restricted and unrestricted funds

- **Payroll Reconciliations**

Taking you through payroll reconciliations

- **VAT returns**

Completing and reconciling your VAT 126 returns

- **Budget monitoring**

Bespoke budget monitoring to meet your governors, trustees and directors needs

- **Medium term planning**

Forecasting likely future funding levels, pupil numbers and costs

- **Budget setting**

Setting a detailed annual budget working paper with planning assumptions is a key financial control in schools

- **Policies and procedures**

Customisation and guidance for the range of policies required

- **Submitting Education Funding Agency (EFA) Returns**

Support and guidance to completing the following returns:

- Financial Management and Governance Self-Assessment (FMGS)
- Budget Forecast Return (BFR)
- Academies Account Return (AAR)

- **Interim close**

To support with the submittal of the BFR an interim close of your finance system is recommended and we can support with ensuring your system is accurate for reporting.

- **Year- end close**

Support with closing your finance system at year end

- **Accounts working papers**

Whether using Schools' Choice or your auditors template we can support you in gathering the information required and completing the working papers.

- **Accounts preparation**

Support the trust in preparing their own year-end accounts using our specially designed accounts preparation toolkit.

- **Asset accounting**

Accounting for fixed assets is a significant new area for academies to identify, account for, record, report on and monitor

- **Setting up Bacs**

Setting up your finance system to make efficiencies, where possible.

Further information regarding the type of work covered in the above areas is detailed in annex 1.

**Product pricing:**

We price our service based on a pay-as-you go day rate. Where academies wish to commit to purchasing a number of pre-paid days, discounts are available. We find our popular bundles of prepaid days in blocks of 10, 20, 30, 40 or 50. Newly converted academies utilise many of their EFS days in the first year to support with both training and completion of tasks, reducing the number of days purchased in future years.

Where we are working with larger multi academy trusts, we can provide a number of days available to the trust to be used as their peaks in work and priorities evolve as they grow. For new converters, we can provide advice and support prioritising the first 12 months of academy status support. Quotes are available upon request.

## **Annex 1:**

**Trial balance health check**

This service is key for new academies and for academy finance staff not familiar with academy accounting requirements. It is important that the integrity of the trial balance is maintained as it is the basis for all financial reporting at different times through the year. Our service provides a review of system balances and transactions for accuracy.

**Key areas include:**

- Fixed asset accounting
- VAT accounting
- Salary reconciliations
- AP/AR control accounts
- Recommendation of any journal corrections and impact on reporting
- Group intercompany control accounts

The outcome of the visit will include detailed recommended actions. These may be completed with the team member on the day, by the school after the visit or on an additional day, dependent on time available and number of actions required.

This visit is appropriate throughout the year but key times for a check are in the summer term leading up to year end and again after year-end accounts have been prepared.

### **Grant and reserves analysis**

Academies are required to account for incomes and expenditures complying with requirements of the charity SORP. Academies are responsible for monitoring fund balances and managing reserves of different planned funds as part of regular reporting.

As part of this, specific ring-fenced grants are required to be appropriately recorded in the finance system and periodically agreed.

### **An onsite support finance day may be used to:**

- Review grants received
- Ensure application of restricted grant income matches to expenditure
- Reconciliation of restricted fund income and expenditure analysis to trial balance
- Support with full working paper of restricted fund analysis template available from Schools' Choice

This visit is appropriate throughout the year and should be considered in line with termly budget monitoring.

### **Payroll reconciliations**

This aspect of ledger reconciliation is a significant subject to audit and it is important that it's kept up-to-date. It may be identified as an area of further work following a trial balance health check visit.

### **The purpose of this visit is to:**

- Reconcile payroll by period to the general ledger
- Identifying any difference
- Correction journals where required
- Working papers to prove ledger balances to payroll reports

This visit is appropriate throughout the year and may be able to be covered during a trial balance health check visit if time is available.

### **VAT returns**

Many academies choose not to register for VAT as they fall below the VAT threshold and choose to recover VAT via the VAT126 method. It is important for academies to accurately and timely submit VAT126 returns to recover VAT due to the academy.

**We can provide support in:**

- Reconciliation of VAT control accounts
- Identification of VAT apportionment/correction journals
- Preparation of VAT126 returns

This visit is appropriate throughout the year.

**Budget monitoring report**

Academies will regularly report on their financial performance to Governors that needs to be in a suitable format to meet the needs of the Governing body, and enable decision-making. Using the academy financial reporting pack, the team can provide support with:

- Budget monitoring report production
- Interpretation of budget position
- Interpretation of financial position – including balance sheet and SOFA

This visit is appropriate throughout the year.

**One-off and seasonal services****Medium-term planning**

Academy trusts will be forecasting likely future funding levels, pupil numbers and costs.

**Using our budget planning toolkit, the team can support you with:**

- Medium-term planning assumptions
- Five-year detailed funding estimates
- Five-year detailed expenditure forecasting

A popular timing of this visit is during spring term, when draft funding statements are issued. It may also be appropriate when significant changes are happening, such as restructuring, changes in business operations (for multi-academy trusts), or for capacity and pupil number planning.

**Budget-setting**

Setting a detailed annual budget working paper with planning assumptions is a key financial control in schools. Using our budget planning toolkit and staffing calculators, the team can support with:

- Reviewing of final annual funding statement

- Support with budget setting – grant and other incomes, salary expenditure, other revenue expenditure and capital budget planning

Typically this visit is best timed to take place during March, April and May.

### **Budget setting – newly-converted academy**

Budget setting for newly converted academies can be supported in a similar way with additional advice around the following aspects:

- Checking prorated replicated funding statement from EFA
- Restatement of pre-conversion budget to new academy extended to Aug 31 period end
- Identification of potential additional costs
- Changes to staffing costing assumptions, such as changes to dates of increments awarded, national insurance tables updated April (mid-year), any changes to pension contribution rates

Popular timing of budget setting visits take place one month ahead of Academy conversion.

### **Finance policies and procedures - newly converted academies**

As a newly-formed academy, it is important that financial policies and procedures are set up to reflect the accounting requirements of the academy. This includes how the academy accounts for:

- VAT
- Assets
- Debts
- Lettings
- Hospitality

Academies should also have policies for pecuniary interests, whistle-blowing and business continuity. We provide template policies for academies to adapt as appropriate for their trust. Support days can be used to support with customization of these. This service is normally undertaken after academy conversion.

### **Financial Management and Governance Self-Assessment (FMGS)**

Within four months' of conversion, academies are required to submit a self-assessment to the EFA to report progress on setting-up the academy's business operations and internal controls. This is a key requirement from the EFA in managing risk profile of academies.

#### **We can support academies in the:**

- Completion of this self-assessment
- Prioritising recommended actions
- Embedding of new processes and policies

Suggested timing of these visits is within four months' of conversion to academy status.

### **Budget forecast return (BFR)**

Academies are required to submit a budget forecast return annually by 31 July to show:

- Approved budget for following year
- Forecast outturn of current year

We have developed an approach for academies to achieve this in a timely and accurate manner, using information populated from our budget planning toolkit and reporting pack. Support days can be used to support with the completion of this return. Suggested timing of these visits is after formal budget setting between April and July.

### **Interim close**

To support with accurate reporting of budget forecast return (BFR) it is recommended that academies undertake an 'interim close' with a view to having a completed trial balance, SOFA and balance sheet for the period ended 31 March.

#### **Support days can be booked to support with this work including:**

- Support in identifying accruals and prepayments for period ending 31 March
- Preparation of journals in system where required

This type of visit would be suitable after 31 March but ahead of the preparation of the BFR.

### **Year-end close**

Closing-down the finance system for an academy is key to aiding a smooth end-of-year accounts production process. We provide detailed guidance to support academies completing this process in FMS6. Timing of tasks is critical over this period.

#### **The team can be available to support with specific aspects of this work:**

- This visit is popular with new academy finance staff and first year converting academies
- We also offer support with managing transactions in FMS and preliminary close

Suggested timing of visits is late August to beginning of September.

### **Accounts working papers**

Academies will need to prepare information to provide to their auditors. This will be required for all academies either to provide the auditors with information to verify the final accounts produced by the academy, or to enable the auditor to produce the final accounts on behalf of the academy.

We have designed a standard set of accounts working papers that supports either requirement. Some auditors have their own format of working papers. Onsite support finance team members can support with:

- Completion of the academy working papers pack or
- Completion of auditors' specific working papers

Suggested timing of this work will be mainly September and October.

### **Accounts preparation**

Many academies produce their own statutory accounts, which involves engaging with auditors to complete only statutory audit duties. We have developed an accounts preparation toolkit that supports academies in producing their statutory accounts.

#### **The team can support with key aspects of this work including:**

- Updates to the extended trial balance
- Analysis of trial balance for disclosures required within financial statements and notes to the accounts
- Using output from the academy working papers pack

For academies in their second year accounts, work may start on this for comparative year data during August. Most work will be undertaken September, October and November.

### **Academies Accounts Return (AAR)**

Academies are required to complete an additional accounts return to report information from their statutory accounts. This is required to be audited and submitted to EFA by December 31 (deadline moved to 31 January in recent years).

#### **Our team members can support with:**

- Preparation of the AAR return
- Including detailed working papers to support audit work

Recommend timing of these visits is during November or December, after accounts have been finalised.

### **Asset accounting**

Accounting for fixed assets is a significant new area for academies to identify, account for, record, report on and monitor. The accounting standards in this area are the more complex aspect of academy finance.

#### **Our teams can support with:**

- Updates to FMS6 to accurately account for fixed assets
- Updates to fixed asset register
- Managing capital projects, costs and linkages to VAT
- Review of financing of fixed assets
- Capital fund management

This visit is appropriate throughout the year but may be specifically needed when managing accounting of significant capital grant expenditure.

### **Setting up BACS**

Many academies find the move from cheque to BACS payment for invoice payment beneficial.

#### **We can provide on-site support in:**

- Initial set up

- Initial training on use
- Guidance on best practice

This visit is appropriate throughout the year but popular soon after academy conversion.

### **Setting up and support using accounts receivable in FMS6**

As an academy it is important that any trading and debtors are managed efficiently and correctly accounted for in academy finance systems. FMS6 has an accounts receivable (AR) module to enable academies to achieve this.

We can provide onsite support in initial set up and ongoing management of AR in FMS6. This visit is appropriate throughout the year but popular soon after academy conversion.