



Lingfield Education Trust

Financial Regulations Manual

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Financial Regulations Manual

Contents

1. Introduction	4
2. Organisation	6
3. Accounting system	11
4. Financial planning	13
5. Payroll	17
6. Purchasing	19
7 Income	27
8 Cash Management	23
9 Fixed assets	31

1 Introduction

1.1 The purpose of this manual is to ensure that the Multi Academy Trust (MAT) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

1.2 The MAT must comply with the principles of financial control outlined in the academies guidance published by the DfE, most notably the **Academies Financial Handbook**, which clarifies the current delegated financial limits the MAT must operate within. This manual expands on that and provides detailed information on the MAT's accounting procedures and system manual should be read by all staff involved with financial systems.

This should be read in conjunction with the following MAT documents;

- Scheme of Delegation
- Anti-Fraud and Corruption Policy
- Assets and Disposal Policy
- Charging and Remissions Policy
- Debt Recovery Policy
- Whistleblowing Policy
- Treasury Management Investment Policy
- Reserves Policy
- Funding Agreement
- Articles of Association
- Risk Management Policy

This manual applies across all staff and operations within each academy within the Multi Academy Trust, namely

- Corporation Road Primary School
- Heathfield Primary School
- Hurworth Primary School
- Mount Pleasant Primary School
- Northwood Primary School

The Director of Operations will monitor compliance with the manual and instances of non-compliance may be reported to the Finance, General Purposes and Personnel Committee.

Policy Reviewed and Adopted by
Board of Directors:

Date of next review

2 Organisation

2.1 The key financial responsibilities within the Trust are outlined below

The Board of Directors

2.2 The Board of Directors has overall responsibility for the administration of the Trust's finances.

The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's scheme of delegation. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended
- approval of the annual budget
- appointment of the CEO/Executive Headteacher and the Head Teacher/Heads of School.
- appointment of the Director of Operations, in conjunction with the CEO.

The Finance, General Purposes and Personnel Committee

2.3 The Finance, General Purposes and Personnel Committee is a committee of the Board of Directors. The Finance, General Purposes and Personnel Committee meets at least once a term but more frequent meetings can be arranged if necessary.

2.4 The main responsibilities of the Finance, General Purposes and Personnel Committee are detailed in written terms of reference which have been authorised by the Board of Directors. The main responsibilities include:

- the initial review and authorisation of the annual budget
- the regular monitoring of actual expenditure and income against budget
- ensuring the annual accounts are produced in accordance with the requirements of the Company Law and the DfE guidance issued to academies
- authorising the award of contracts over £20,000
- authorising changes to the Academy personnel establishment
- reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Directors.

Internal Assurance Service

The role and responsibilities of an audit committee are fully incorporated into the duties of the Finance, General Purposes and Personnel Committee. To support them in this role the committee has commissioned a programme of internal assurance testing to be carried out by Clive Owen, external auditors. The committee receives internal assurance reports after audit

testing throughout the year and also after the year end statutory accounts are prepared and audited.

Local Governing Bodies

The Local Governing Bodies have limited financial responsibilities in relation to each academy. See the Scheme of Delegation.

The Accounting Officer (CEO)

2.5 The CEO has been appointed as the Accounting Officer. Within the framework of the Trust development plan as approved by the Board of Directors the CEO has overall executive responsibility for the Trust's activities including financial activities. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring The Board of Directors that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

The CEO has responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them.
- authorising contracts and orders up to £20,000 in conjunction with either the Executive Headteacher/Head Teacher, Head of School or the Director of Operations

Much of the day to day financial responsibility has been delegated to Executive Headteacher/Head Teacher/Head of School and the School Business Manager/Office Manager.

The Executive Headteacher/Head Teacher/ Head of School

The Executive Headteacher/Head Teacher/Head of School has responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them or the CEO.
- authorising contracts and orders up to £10,000 in conjunction with the School Business Manager/Office Manager
- signing cheques and authorising electronic payments in conjunction with the School Business Manager/Office Manager or other authorised signatory. Two signatories are required on all payments.

The Finance Director

2.6 Finance Director support services are purchased through an external provider, Avec Partnership. The Finance Director works in close collaboration with the CEO through whom he or she is responsible to the directors. The Finance Director also has direct access to the directors via the Finance, General Purposes and Personnel Committee. The main responsibilities of the Finance Director are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- the preparation of management accounts for the Finance, General Purposes and Personnel Committee
- preparation of the annual budget
- ensuring forms and returns are sent to the EFA in line with the required timetable

The Chief Financial Officer (The Director of Operations)

2.7 The Director of Operations has been appointed as the Chief Financial Officer. The Director of Operations works in close collaboration with the CEO/Executive Headteacher/Head Teacher/Head of School through whom he or she is responsible to the directors. The Director of Operations also has direct access to the directors via the Finance, General Purposes and Personnel Committee. The main responsibilities of The Director of Operations are:

- the day to day management and administration of financial issues including the establishment and operation of a suitable accounting system
- the maintenance of effective systems of internal control
- preparation of the annual budget
- authorising orders below £20,000 in conjunction with the Head Teacher/Head of School or Executive Headteacher
- signing cheques and authorising electronic payments in conjunction with another authorised signatory. Two signatories are required on all payments.

Other Staff

2.8 Other members of staff, primarily admin staff, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Register of Interests

2.9 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 Trust members, directors and governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services.

The register details will be published on the Trust web site in line with the requirements of the Academies Financial Handbook.

2.10 The register will fully comply with the requirements of the Academies Financial Handbook. 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 Trust. 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 director or a member of staff by that person; and will include personal relationships within the Trust that are required to be declared.

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

The Director of Operations will maintain the Register of Business Interests and will ensure that declarations are updated as soon as changes occur and on at least an annual basis and published on the Trust's website.

The Trust will ensure that any transactions with connected parties are carried out within the Academies Financial Handbook guidelines and that any transactions over the £2,500 value would be undertaken on a 'not for profit' basis.

3 Accounting system

3.1 All the financial transactions of the Academy must be recorded on the Agresso accounting system.

The Agresso system is operated by the Finance Department and supported by Xentrall Shared Services. It consists of:

Journals
Nominal Ledger
Bank
Transactions
Purchases Ledger
Sales Ledger
Automatic update
Manual update

System Access

3.2 Access to the Agresso system is password protected and the implementation of appropriate security is the responsibility of Xentrall Services and is documented in the contractual agreement with them. It is the responsibility of the Director of Operations to determine the appropriate levels of access for each user and to inform Xentrall of those requirements. System access must ensure that there is adequate separation of duties in the process.

Back-up Procedures

3.3 It is the contractual responsibility of Xentrall Services to maintain adequate back-up and disaster recovery procedures.

Xentrall are responsible for;

- Develop, maintain and periodically test DR plans to ensure that they are adequate and fit for purpose.
- Ensure that all data managed on behalf of the Academy is adequately protected to enable efficient and effective recovery.
- Ensure data is backed-up onto appropriate media at regular intervals.
- Ensure media is securely stored off-site.
- Ensure test restores of data are carried out at regular intervals.
- In the event of a disaster they will recover the services to an acceptable state of operation within 5 working days.

Transaction Processing

3.4 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised by the Director of Operations prior to being input to the accounting system, and the Agresso system reference should then be recorded on the documentation

Bank transactions should be input by either the Director of Operations or Avec support and the input should be checked and signed to evidence this check by the School Business Manager/Office Manager.

Reconciliations

3.5 The Finance Director service is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account
- purchase ledger control account
- payroll control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement.

3.6 Any unusual or outstanding reconciling items must be dealt with promptly. The Director of Operations will prepare the statements and the Finance Director will review and authorise and sign all reconciliations as evidence of this review, the roles may be interchanged, but the process will always involve a clear separation of duties.

4 Financial planning

4.1 The Trust prepares both medium term and short-term financial plans.

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

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

4.4 The development planning process and the budgetary process are described in more detail below.

Development Plan

4.5 The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

4.6 The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the EFA

4.7 Each year the CEO will propose a planning cycle and timetable to the Board of Directors which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

4.8 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.

4.9 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the

estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

4.10 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an Academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board of Directors if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

4.11 The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, the Finance, General Purposes and Personnel Committee and the Board of Directors.

4.12 The Finance Director is responsible for ensuring that budget deadlines from the EFA are met and timetable are established around those deadlines

4.13 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

4.14 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- review of other income sources available to the Trust to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

4.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

4.16 Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the CEO, the Finance, General Purposes and Personnel Committee and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

4.17 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

4.18 Monthly reports will be prepared by the Finance Director. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the CEO/Executive Headteacher, the Head Teacher/Heads of School and the Finance, General Purposes and Personnel Committee.

4.19 Any potential underspend or overspend against the budget must in the first instance be discussed with the Finance Director.

4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency.

4.21 A contingency budget may be held in each school of 3% of GAG funding. Any remaining balances will be held in the MAT budget. The 3% contingency– can be vired out of contingency subject to approval by CEO.

Budget Virements.

Budget virements up to £10,000 will be approved by the Director of Operations or Executive Headteacher/Head Teacher/Head of School, over £10,000 but below £20,000 by the CEO and over £20,000 additionally authorised by the Finance, General Purposes and Personnel Committee.

5 Payroll

5.1 The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

Staff Appointments

5.2 The Board of Directors has approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the Finance, General Purposes and Personnel Committee who must ensure that adequate budgetary provision exists for any establishment changes.

5.3 Each Executive Headteacher/Head Teacher/Head of School has authority to appoint staff within the authorised establishment except for Assistant Head Teachers and the Director of Operations whose appointments must follow consultation with the directors. The School Business Manager/Office Manager maintains personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the School Business Manager/Office Manager immediately.

Payroll Administration

5.4 The Trust has outsourced its payroll processing requirement to a third party, Xentrall Services.

5.5 Xentrall Services have a contractual obligation to process transactions in line with the agreed service specification and to meet all statutory requirements

5.6 All variations to salary such as salary amendments, leavers, starters etc. are passed to Xentrall and must be authorised by signature by either the Executive Headteacher, the School Business Manager/Office Manager or the Head Teacher/Head of School. A specimen signature record is held at Xentrall for this purpose.

Payments

5.7 Xentrall Services are responsible for making monthly net salary payments to all staff. They are an approved BACS Bureau for this purpose. All salary payments are made by BACS.

5.8 After the payroll has been processed but before payments are dispatched a Payroll Analysis Report is received from Xentrall and each school will review and give approval for payments to be made. The School Business Manager/Office Manager checks that all variations i.e starters/leavers/overtime are correct and carries out an overall review to test for 'reasonableness' against the previous months totals and will raise any queries with Xentrall

before payments are generated. Both the School Business Manager/Office Manager and the Head Teacher/Head of School will sign to evidence their checks and approval.

5.9 Xentrall is responsible for calculating the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print received from Xentrall and the BACS payments for these amounts are prepared by the Finance Director support and authorised by two of the following signatories; The School Business Manager/Office Manager, the Head Teacher/Head of School, the Admin Assistant/School Administrator or the Director of Operations.

5.10 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Director should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

5.11 On an annual basis, as part of the budget setting process the School Business Manager/Office Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

Staff Severance Payments

5.12 Non-contractual payments at the end of employment would only be paid if the Academy Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the EFA will be followed.

The CEO in conjunction with the Chair of Directors may approve non-contractual payments up to £5,000.

The Board of Directors may approve non-contractual payments between £5,000 and £50,000

Non-contractual payments over £50,000 require approval in advance from HM Treasury.

6 Purchasing

6.1 The Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they 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 the Trust
- **Accountability**, the Trust is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

Supplier Masterfile

6.2 The supplier master-file will be controlled and managed by the Office Manager at Hurworth.

Changes to supplier details including bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be documented on a supplier request form (see appendix A) this will document the evidence received and the method of verifying this information.

The Director of Operations will regularly generate an Agresso report and review all supplier file amendments against the amendment forms and will sign this report as evidence of this review.

All Routine Purchasing

6.3 All orders must be recorded on a manual requisition form (see Appendix B) completed by a member of staff and approved before being recorded on the Agresso system.

Authorisation limits – Orders and Invoices

All orders up to £5,000 by the School Business Manager/Office Manager or Executive Headteacher/Head Teacher/Head of School, between £5,000 and £10,000 the Executive Headteacher/Head Teacher/ Head of School or Director of Operations, between £10,000 and £20,000 two authorised signatories from CEO/Executive Headteacher, Head Teacher/Head of School and Director of Operations. Orders over £20,000 need approval in advance from the Finance, General Purposes and Personnel Committee.

6.4 The requisitioner must make appropriate arrangements for the delivery of goods to the Academies. On receipt a relevant member of staff must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

6.5 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Admin Assistant/School Administrator will keep a central record of all goods returned to suppliers.

6.6 All invoices received will be matched against the order and the GRN and the quantity and value of goods will be checked. The GRN and the copy order will be attached to the invoice.

The Admin Assistant/School Administrator will then enter the invoice onto the Agresso system and stamp invoices with a grid against which the following can be evidenced:

- a) Date entered
- b) Agresso system reference
- c) Expenditure Code

6.7 If a member of staff is pursuing a query with a supplier the Admin Assistant/School Administrator must be informed of the query and periodically kept up to date with progress.

6.8 Payments are generated, to an agreed timetable by Xentrall, who act as a BACS Bureau on the schools behalf. Prior to each payment run being generated the School Business Manager/Office Manager will review and check the listing of invoices to be paid and would raise any queries with Xentrall. Once paid a Bacs Bureau report is received via e-mail and this total will be cross-checked with the invoice listing. The School Business Manager/Office Manager and the Admin Assistant/School Administrator will sign the listing as evidence of this review.

6.9 In instances where cheques payments are required these will be generated by the Trust. The cheques must be authorised by two of the nominated bank signatories.

Purchasing for Contracted Services and Periodical Payments

6.10 There are other revenue services which will be provided on a regular basis by outside suppliers but which for practical purpose requisitions/orders cannot be processed through the system in the above manner. Nevertheless they are still subject to internal control processes.

Examples of such services are school transport, contract cleaning, catering, security, insurance and utilities. In the case of these services the terms of the service are agreed with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.

These contracts will be awarded in line with the process outlined in this policy.

6.11 These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

Non-Competitive Purchases

6.12 If competitive purchasing procedures are not followed, i.e. because there is a sole supplier, for reasons of urgency etc. a justification report (see appendix C) will be prepared and approval will be sought from the Finance, General Purposes and Personnel Committee. This applies to purchases below EU Thresholds only.

Emergency Purchases

6.13 From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases a confirmatory order should be raised to ensure that documentary evidence is in place to cover the payment. Such purchases are subject to the same authorisation requirements as documented in this policy.

Catering Purchases

6.14 Catering supplies purchased by the Trust will not be subject to the same formal ordering procedures. A record of telephone 'call-off' orders will be maintained and goods received will be verified and the invoices marked as such before being passed for payment processing.

Competitive Purchasing Requirements

Quotations and Tenders

(Threshold values are net of VAT and are the cumulative value over the life of the contract)

Value less than £5,000

6.15 In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Value for money should always be considered but no formal quotes are required for spends under £5,000. Established framework arrangements will be used wherever appropriate, and firm prices must be obtained before commitment to purchase is made.

Value over £5,000 but less than £20,000

6.16 At least three written quotations should be obtained for all orders between £5,000 and £20,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Value over £20,000 but less than £50,000

6.17 At least three written quotations should be obtained. Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance, General Purposes and Personnel Committee highlighting the relevant issues and recommending a decision.

Value over £50,000

6.18 All goods/services ordered with a value over £50,000, or for a series of contracts, which in total exceed £50,000 must be subject to a form of tender.

Purchases over EU Thresholds

Supplies and Services £164,176
Lighter Touch Services £589,148
Works £4,104,394

Procurements above EU threshold must be carried out in accordance with the appropriate European Union Procurement Directives, which the UK enforces through the Public Contract Regulations 2015. and external advice must be sought where necessary.

For purchases above these thresholds a project plan identifying responsibilities and authorisation routes must be approved by the Finance, General Purposes and Personnel Committee before the procurement commences.

Legal Advice

6.19 Legal advice will normally be sought before proceeding with a contract of any significant value. The Trust will consider whether this is necessary and in proportion to the total value/risks attached to the contract.

Specialist Procurement

6.20 In the case of specialist services, such as architects, project managers, the Trust may delegate to them, aspects of the procurement process, such as tender specification to be carried out in line with the principles contained in this manual.

Forms of Tenders (Value over £50,000 up to EU thresholds)

6.21 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Operations how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust's requirements
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists
- additional deliveries by the existing supplier are justified.

Preparation for Tender

6.22 Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

6.23 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

6.24 If a restricted tender is to be used then an invitation to tender must be issued, the Trust would normally invite a minimum of three suppliers to bid. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

6.25 An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

6.26 The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

6.27 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts over £50,000 - either the Director of Operations or the Executive headteacher/Head Teacher/Head of School plus a member of the Finance, General Purposes and Personnel Committee.

6.28 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

6.29 The award of the tender must be approved by the Finance, General Purposes and Personnel Committee.

6.30 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

6.31 The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted the reason should be documented and reported to the Finance, General Purposes and Personnel Committee.

7 Income

7.1 The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the Trust are collected.

Bids for further potential funding from the DfE/EFA such as capital allocations, may be submitted subject to the approval of the Director of Operations.

7.2 The Trust also obtains income from:

- students, mainly for dinner money, trips and visits
- the public, mainly for hire of the hall, nursery rent and facilities lettings.

School Meals

The majority of payments are received through Agora or ParentPay accounts, which provides a secure method of payment, issues receipts and records the payment against the individual student.

The receipt of credits into the bank account will be verified by the relevant Admin Assistant/Office Manager and reconciled as part of bank reconciliation.

Some cash payments are also received. Cash received is reconciled against the record of student meals taken and the amount banked and verified through the bank reconciliation process.

All appropriate efforts will be made to collect outstanding debts in respect of dinner money, and the Executive Headteacher/Head Teacher/Head of School will be made aware of debts in excess of a level of two weeks costs.

Catering Stock/Profitability

7.3 Catering Service Income and Expenditure statements will be regularly produced and the profitability of the service will be monitored on a termly basis. Trends and variances in income and expenditure will also be monitored.

Trips

7.4 A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The relevant Admin Assistant/School Administrator must prepare a record for each student intending to go on the trip showing the amount due and is responsible for the collection of the sums due.

Lettings

7.5 The Admin Assistant/School Administrator is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation.

7.6 Details of organisations using the facilities should be sent to the Admin Assistant/School Administrator who will establish a sales ledger account and produce a sales invoice from the Agresso accounting system. The Admin Assistant/School Administrator is responsible for chasing outstanding debts and ensuring no further use is made of the facilities unless payment has been made, this includes nursery rental.

The aged debtor report will be reviewed on a monthly basis by the Director of Operations and appropriate and escalating reminder letters will be issued and legal action considered where appropriate.

Custody

7.8 Pre-numbered, duplicate Trust receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking. Banking should take place as needed and cash held should never exceed the cash insurance limit on the safe.

7.9 Monies collected must be banked in their entirety in the appropriate bank account. The relevant Admin Assistant/School Administrator is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the School Business Manager/Office Manager.

Writing off Debts

7.10 The Executive Headteacher/Head Teacher/Head of School has discretion to write-off debts of up to £50. The reason for write off will be documented and the decision reported retrospectively to the Finance, General Purposes and Personnel Committee.

8 Cash Management

Bank Accounts

Deposits

8.1 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

8.2 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- CEO
- Executive Headteacher
- Head Teacher/Head of School
- Director of Operations
- School Business Manager/Office Manager
- Admin Assistant/School Administrator

8.3 This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

On-Line Banking

8.4 Access to the Trust's bank accounts is available through the LloydsLink software.

8.5 Appropriate access rights to the LloydsLink system are determined by the bank signatories. Access is controlled by user ID and password security administered by Lloyds.

On –Line Payments

8.6 Payments by bank transfer; BACS or CHAPs can be generated through Lloydslink. All payments require authorisation by two of the approved authorisers. Authorisation access is controlled by smartcards and passwords.

Approved Inputters

The Director of Operations
The Finance Director

The School Business Manager/Office Manager

Approved Authorisers

The School Business Manager/Office Manager
The Finance Director
The Director of Operations
The Head Teacher/Head of School

Each transaction needs two authorisers.

Bank Reconciliations

8.7 The Finance Director must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the Trust's cash book
- Reconciliations are prepared by the Finance Director Service
- Reconciliations are reviewed and signed by the School Business Manager/Office Manager
- Adjustments arising are dealt with promptly.

Petty Cash Accounts

8.8 The Academy does not operate a petty cash account. Direct purchases by staff should only be made for items of less than £20.00 when a VAT receipt must be brought into school before the money can be reimbursed via BACS. If clearance has not been given, this money will not be refunded. Any amount over £20.00 will not be reimbursed unless prior approval has been received from the School Business Manager/Office Manager or Head Teacher/Head of School. Please also refer to Appendix E for Staff Expenses.

Cash Flow Forecasts

8.9 The Finance Director is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds in accordance with the Investment Policy.

Investments

8.10 Investments must be made only in accordance with the Investment Policy approved by the Board of Directors, through the Finance, General Purposes and Personnel Committee.

Credit Card

8.11 The Trust has the following credit cards with a limit of £2,500 each:

N Blackburn
A Maddison
H Ferguson
L Bainbridge
L Nicholson
Z Beach
C Bracken
R Pavey
J Blackham
A Pringleton
C Bracken
J Steel

The credit card is controlled in line with the Credit Card Policy attached (Appendix D)

9 Fixed assets

Asset register

9.1 All items purchased with a value over the capitalisation threshold must be entered in the asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value

9.2 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 Trust's financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Inventory of assets

9.3 All stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

For all lower value items with either a value of over £500, or judged to be portable and attractive an inventory record should be maintained recording details of the items including purchase details. The inventory should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

9.4 All the items in the register and the inventory should be permanently marked, with Smartwater where appropriate, as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Directors.

Disposals

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Operations and, where significant, should be sold following competitive tender.

9.6 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

9.7 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Trust must repay to the DfE a proportion of the sale proceeds.

9.8 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

9.9 Items of Trust property must not be removed from Trust premises without the authority of the Head Teacher/Head of School. A record of the loan must be recorded in a loan book and booked back in Trust when it is returned.

9.10 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Date of Review: Autumn 2017