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1 Introduction

- 1.1 The purpose of this manual is to ensure that Thomas Deacon Education Trust (TDET) (the Trust) 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 the Trust's funding agreement with the Education and Skills Funding Agency (ESFA).
- 1.2 The Trust must strictly comply with the principles of financial control outlined in the academy's guidance published by the ESFA¹. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual and shall be read by all staff who have budgetary responsibilities within the Trust.
- 1.3 This manual covers the following areas:
 - Section 1: Introduction
 - Section 2: Organisation
 - Section 3: Accounting System
 - Section 4: Financial Planning
 - Section 5: Payroll
 - Section 6: Purchasing
 - Section 7: Income
 - Section 8: Cash Management
 - Section 9: Fixed Assets
 - Section 10: Stock

2 Organisation

- 2.1 The Trust has defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for the board and staff. The financial reporting structure is illustrated below:
- 2.2 **The Trust Board** should focus on three core functions:
 - ensuring clarity of vision, ethos and strategic direction
 - holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
 - overseeing and ensuring effective financial performance.
- 2.3 In the financial context the board also has overall responsibility for the administration of each academy's finances. The main responsibilities of the board are prescribed in the Master Funding Agreement between the Trust and the ESFA, the ESFA Academy Trust Handbook and in the Trust's Scheme of Delegation.

¹ Academy Trust Handbook 2023 (ATH 2023). The ATH takes precedence over this handbook.

- 2.4 **The Resources Committee** is a committee of the Trust Board. The Resources Committee meets at least once a term, but more frequent meetings can be arranged if necessary. The main responsibilities of the Resources Committee are detailed in written terms of reference, which have been authorised by the Trust Board. The Resources Committee also undertakes the Audit and Risk responsibilities detailed in the Academy Trust Handbook.
- 2.5 **The Executive Group** is an internal group consisting of the Chief Executive, the Director of Standards & Improvement, the Executive Lead and the Director of Resources (DOR). This group meets regularly and serves as an oversight group for performance, planning and standards across the Trust.
- 2.6 **The Chief Executive (CE)** is appointed in writing by the Trust to undertake the duties of **Accounting Officer (AO)**. Within the framework of the Trust's Strategic Plan, as approved by the Board, the CE has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility is delegated to the DOR but the CE retains responsibility for all those items listed within the Trust's Scheme of Delegation.
- 2.7 **The DOR** works in close collaboration with the CE through whom he is responsible to the Trust Board. The DOR has direct access to the board members via the Resources Committee. The main responsibilities of the DOR are in line with those items listed within the Trust's Scheme of Delegation
- 2.8 **Each Principal** will work closely with the DOR to ensure that academy priorities and plans are properly costed and linked to the academy budget and financial plan. The main responsibilities of each Principal are in line with those listed in the Trust's Scheme of Delegation.
- 2.9 **The Responsible Officer (RO)**² conducts internal audit and is appointed by the board to provide board members with an independent oversight of the Trust's financial affairs. The main duties of the RO are to provide the board with independent assurance that:
- the financial responsibilities of the board are being properly discharged.
 - resources are being managed in an efficient, economical and effective manner; sound systems of internal financial control are being maintained and,
 - financial considerations are fully taken into account in reaching decisions.
- 2.10 The RO is to undertake an annual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the board. A report of the findings from each visit will be presented to and reviewed by the Resources Committee. Detailed guidance on the transactions to be checked by the RO is given in the ESFA Academy Trust Handbook and agreed with the Resources Committee.

² As at September 2022 Duncan & Toplis Auditors have been appointed as the Trust's RO.

2.11 **The Head of Finance** works in close collaboration with the DOR and is responsible for the operation of monthly financial support for the Trust as well as the following responsibilities:

- To manage financial issues on a day-to-day basis including the establishment and operation of the accounting system.
- Act as the custodian of all finances within the Trust and provide a support framework for all stakeholders of budgets and financial analysis.
- To act as an authorised signatory on all bank accounts.
- To ensure that VAT is correctly accounted for across the Trust in accordance with legislation.
- To authorise orders as detailed at paragraph 2.15.
- To authorise the disposal of assets as detailed at paragraph 2.15.
- To ensure that all reconciliations and returns are completed on a regular basis and initial documents as evidence that such checks have been carried out.
- To monitor Academy and Head Office budgets monthly to identify any errors, miscoding, large or unusual items and prepare a financial risk assessment of the Trust's financial position.

2.12 **Other members of staff**, primarily the members of the Finance team and budget holders, will have some financial responsibilities. These are detailed in the following sections. 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.

2.13 **Register of Business Interests.** 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 misunderstanding that might arise all academy board members and staff, with significant financial or spending powers, are required to declare any financial or business interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection. The disclosures shall also include business interests of relatives such as a parent, spouse, other close family member or business partner where influence could be exerted over a board member or a member of staff by that person.

2.14 The existence of a register of business interests does not, of course, detract from the duties of board members and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Where a conflict has been declared, board members and staff shall not attend that part of any committee or other meeting.

2.15 **Financial Approvals** – the table below lists the approved financial approvals limits within the Trust:

Role	Authorisation Limit	Write off Authorisation Limit	Remarks
Finance Manager	£1,000	£0	
Senior Finance Manager	£5,000	£0	
Head of Finance	£10,000	£1,000	Resources Committee to be informed of any single write off over £10,000 and the reasoning behind the decision
DOR	£50,000	£10,000	
CE	£99,999	£44,999	
Resources Committee	No limit (may be approved by out of committee resolution)	£45,000 or 5% of total Trust Income, whichever is the lower figure	

3 Accounting system

- 3.1 All the financial transactions of the academy must be recorded on **the approved accounting system (currently Resource 32000)**. The system is operated by the Finance Department and consists of: Nominal Ledger, Purchase Ledger, Sales Ledger, Cashbook.
- 3.2 **Payroll** is delivered through an external provider³ and payroll information is journaled into the accounting system on a monthly basis.
- 3.3 **Entry to the accounting system** is password restricted and the DOR is responsible for implementing a system which ensures that passwords are changed as appropriate.
- 3.4 **Access to the component parts of the accounting system** can also be restricted and the DOR is responsible for setting access levels for all members of staff using the system.
- 3.5 The DOR is responsible for ensuring that there are **effective back-up procedures** for the system. **The IT Team** is to ensure that daily backups to the local site are undertaken, and that there are external backups held that are swapped on at least a weekly basis. In addition, the system will be backed up in the cloud.
- 3.6 The Trust **disaster recovery plan** shall include procedures applicable in the event of loss of accounting facilities or financial data. This shall link in with the annual assessment made by Trust Board members of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks. With respect to **Cybersecurity**, which is becoming an increasing threat to the education sector, ESFA guidance is that the Trust must put in place appropriate

³ As at September 2023 Orovia provide the payroll system (Edupay)

controls⁴. In addition the Academy Trust Handbook 2023⁵ directs that ESFA approval must be gained before any ransom payments are made.

- 3.7 **Transaction Processing** - 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 on the appropriate journal form, recorded sequentially within a journal folder held on the Trust's IT network and authorised by the Senior Finance Manager prior to being input to the accounting system. All reversing journals will be approved by the Head of Finance; all journals (reversing or otherwise) raised by the Head of Finance will be authorised by the DOR. Bank transactions shall be input by the Finance Assistant and the input shall be checked by means of a bank reconciliation, and signed to evidence this check, by the Head of Finance.
- 3.8 Detailed information on the operation of the accounting system can be found in the **user manuals** held on Sharepoint.
- 3.9 **Transaction Reports** - the Senior Finance Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- the monthly audit trail reports;
 - Master file amendment reports for the purchase ledger and sales ledger.
- 3.10 The DOR will review the following reports to ensure regularity of transactions:
- payroll Gross Variance reports and Masterfile Amendment Reports prior to approval of any given payroll submission.
 - management accounts summarising expenditure and income against budget at budget holder level.
- 3.11 **Reconciliations** - the Head of Finance 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; and
 - bank balance per the nominal ledger to the bank statement.
- 3.12 Any unusual or long outstanding reconciling items must be brought to the attention of the DOR.
- 3.13 The DOR will evidence approval of all balances referenced in Section 3.11 by signing the final Trial Balance which is produced on a

⁴ The IT Team are responsible for ensuring appropriate software and systems are in place and maintained. Cyber security incidents are to be reported immediately to DOR or in their absence to any member of the Executive Group.

⁵ ESFA Academy Trust Handbook 2023 paragraph 6.15.

monthly basis when the **Management Accounts** have been finalised. Management accounts are to be forwarded to the Chair of the Trust on a monthly basis and with all other trustees at least six times each financial year.

4 Financial Planning

- 4.1 It is essential that both medium and short-term financial plans are prepared for the Trust and each of the academies in the Trust. The medium-term financial plan (MTFP) is prepared as part of the strategic planning process.
- 4.2 **The Strategic 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. The form and content of the strategic plan are matters for the Trust to decide but due regard shall be given to the matters included within the guidance to the Trust and any annual guidance issued by the ESFA.
- 4.3 Each year the CE, assisted by the DOR and Finance Staff, will propose a planning cycle and timetable to the Trust Board which allows for:
 - a review of past activities, aims and objectives.
 - definition or redefinition of aims and objectives.
 - development of the plan and associated budgets.
 - implementation, monitoring and review of the plan.
 - feedback into the next planning cycle.
- 4.4 The timetable will specify the deadlines for completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be confirmed by the CE.
- 4.5 The completed strategic plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan shall also include the estimated resource costs, both capital and revenue, associated with delivering the plan.
- 4.6 For each objective, the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager shall monitor performance against the defined success criteria throughout the year and report, through the appropriate person, to the CE/Principals meeting on a quarterly basis. The CE will report to the Trust Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.
- 4.7 **The Annual Budget (Year 1 of the MTFP)** - the DOR is responsible for preparing and obtaining approval for the annual budget, for each Academy and the Trust as a whole. The budget must be approved by the CE, the Resources Committee and the full Trust Board. The Trust Board shall formally record approval in meeting Minutes.
- 4.8 **The approved MTFP budget** must be submitted to the ESFA by 31 August each

year⁶ and the DOR is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

4.10 **The budgetary planning process** will incorporate the following elements:

- a compilation of the planning assumptions underpinning the budget process;
- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- review of other income sources available to the Trust to assess likely level of receipts;
- utilisation of Integrated Curriculum and Financial Planning (ICFP) guidance and methodology to ensure affordable staffing structures are identified and programmed to be put in place where possible;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings;
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost e.g., pay increases, inflation and other prioritised anticipated enhancements or changes across the Trust.

4.11 **Balancing the Budget** – The overarching aim is, where possible, to achieve a balanced budget in Year One and across the MTFP whilst retaining reasonable reserves⁷ to meet future contingencies. Approval for a budget with a negative balance (after taking account of available surplus reserves) must be fully reviewed, approved and documented by the Resources Committee and Trust Board and should seek to enable a balanced budget to be reached by the end of the MTFP. A comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income shall be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks or deferring projects until more funding is available. Plans and budgets may need to be revised until a satisfactory surplus of income over expenditure is identified.

4.12 **Finalising the Budget** - once the different options and scenarios have been considered, a draft budget shall be prepared by the DOR for approval by the CE, the Resources Committee and the Trust Board. The budget shall be

⁶ In addition to the requirement to submit an annual fully audited Trustee Report and accounts, the Trust is required to submit a BFR3Y return in August.

⁷ Trust Reserves Policy as at 1 September 2023 is to maintain reserves at the level of 5% of total income.

communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

- 4.13 The budget shall be seen as a working document which may need revising throughout the year as circumstances change.
- 4.14 **Monitoring and Review** - Monthly reports will be prepared by the Head of Finance. The reports will detail actual income and expenditure against budget, both for budget holders and at summary level for CE and the Resources Committee.
- 4.15 Any potential overspend against the budget must in the first instance be discussed with the DOR. The accounting system will not allow payments to be made against an overspent budget without the approval of the DOR.
- 4.16 The monitoring process shall 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 any contingency budget lines. Budget virements in one budget manager area can be agreed between the budget manager and the Head of Finance. All budget adjustments that impact on the overall position of the academy or the Trust must be reported to the Resources Committee.

5 Payroll

- 5.1 The main elements of the payroll system are:
 - staff appointments.
 - payroll administration and
 - payments.
- 5.2 **Staff Appointments** - the Trust Board has approved a personnel establishment for the academy. Changes can only be made to this establishment in accordance with the Scheme of Delegation to ensure that adequate budgetary provision exists for any establishment changes.
- 5.3 **The Head of HR** is to maintain personnel files for all members of staff which include contracts of employment.
- 5.4 **Payroll Administration** - The Trust payroll is administered using the Edupay software package provided by a third party (Orovia). BACS payments are also outsourced to a third party via Orovia. Calculation of payroll is carried out using the software and is performed by the in-house Payroll Team.
- 5.5 All staff are paid monthly based on the information updated by the Payroll Team and HR staff. The payroll software has a personal record for each employee which records:
 - salary;
 - historic pay information;
 - bank account details;
 - taxation status;

- personal details and
 - any deductions or allowances payable.
- 5.6 Changes to personal details are input into the payroll software by an HR Administrator and a copy of the instruction to change details is retained on HR files. Changes to bank details are input directly into the payroll system by employees using their personal login. In the event of a manual change to bank details being necessary, these will be checked for authenticity by a member of the Payroll Team.
- 5.7 All changes/amendments, including appointments and leavers, should be authorised by each individual academy prior to being input into the payroll software. Documentation is forwarded to the Payroll Team for checking. All relevant documentation should be retained on the personnel file held at the relevant academy, and changes affecting payroll are retained in the relevant month's payroll file for the academy.
- 5.8 Sickness absence is to be recorded separately. Changes to pay due to exhaustion of half or full pay sickness entitlements are notified to the Payroll Team monthly using information collected from the school's information management system and HR absence records.
- 5.9 Human Resources will notify the Trust Payroll Team and the Principal of each academy (or DOR in the case of Head Office) in accordance with the payroll deadline of any amendments to staff details affecting pay.
- 5.10 **Payments** - all salary payments are made by BACS. The Payroll Team is to run a report between the current months and the previous month's gross salary payments per academy. Changes to the previous month are annotated within the payroll software. The Principal of each academy (or the DOR in the case of Head Office) will receive this report for information.
- 5.11 The DOR will then approve the payroll via the payroll software applying validation checks on key employees and a sample of starters and leavers. A note of these validation checks will be provided to the Payroll Manager on final approval and retained on file with the appropriate month's payroll. In the absence of the DOR, the Head of Finance or another member of the Executive Group will deputise for this role.
- 5.12 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions, apprenticeship levy and pensions. The amounts payable are summarised on the gross to net pay print and the external provider pays the amounts due by the due dates on behalf of the academies. The payroll is checked and reconciled to ensure that the monthly pay over to HMRC and pension providers are correct for all academies in the Trust by the Head of Finance.
- 5.13 After the payroll has been processed, the payroll data for each academy will be formatted to create a payroll journal for uploading into the accounting system and approved by the Head of Finance. Postings will be made both to the

payroll control account and to individual cost centres. The Head of Finance 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.

- 5.14 On an annual basis the Responsible Officer checks will include a check of a sample of members of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the HR office.
- 5.15 Any **expenses claims** must be submitted directly within the payroll software in accordance with the TDET Expenses Policy and are subject to approval by line managers. Once approved claims will be paid through the payroll. This payment will be made 'gross' i.e., it is not subject to deduction from PAYE, national insurance or pensions.

6 Purchasing

- 6.1 The Trust's policy is to achieve the best Value for Money (VFM) from all purchases. This requires purchasing what is needed in the correct quality, quantity and time at the best price possible. A vast majority of purchases will be paid for with public funds and in order to demonstrate and maintain the integrity of these funds the following general principles should be applied:
 - Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
 - Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs;
 - Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis.
- 6.2 The Accounting Officer is responsible for ensuring that a VFM statement is published annually on behalf of the Trust Board in accordance with the requirements of the DfE.
- 6.3 Within this section all values are for the full value, excluding VAT, of a commitment being placed. For clarification purposes this means that a multi-year contract is to be dealt with in its entirety. Once agreed, in principle only the CE, DOR or the Trust Board may sign multi-year agreements. No other member of staff has the authority to commit the Academy to a multi-year contract.
- 6.4 Any contracts for one-year but are then extended into further years must be considered for the longer term. As such, section 6.3 refers.
- 6.5 **Routine Purchasing** - budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Reports detailing actual expenditure and [11](#)

commitments against budget are available, in real time, to all budget holders using the approved accounting system (RADIO). Should it be necessary the Senior Finance Manager, on request, will supply budget holders with printed reports.

- 6.6 Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier shall be chosen from the list of approved suppliers maintained by the Finance Team. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Head of Finance.
- 6.7 All orders must be made, or confirmed, in writing using an official requisition form, stocks of which are held with the Finance Team or via the electronic system (RADIO). Requisitions must bear the signature/electronic signature of the budget holder and must be forwarded to the Finance Team where the Finance department will check to ensure adequate budgetary provision exists before passing the requisition to the DOR for countersigning. The finance department will maintain a **list of exemptions** to the requirement for the completion of a requisition. This exemption list is attached at Annex A and is to be reviewed at least annually with the DOR.
- 6.8 Orders will be produced automatically from the accounting system, allocated a reference number and emailed directly to the supplier.
- 6.9 The budget holder must make appropriate arrangements for the delivery of goods. On receipt the budget holder/department must undertake a detailed check of the goods received against the delivery note and make a record of any discrepancies between the goods delivered and the Order. Discrepancies shall be discussed with the supplier of the goods without delay. The person who has raised the order will confirm correct receipt of goods via the RADIO system which will in turn approve the supplier invoice for future payment.
- 6.10 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 must be notified. The Finance Assistant will keep a central record of all goods returned to suppliers. If any items have been returned, the invoice will remain unauthorised and system notes made by the order originator regarding the reason(s) for this, including, for example, that a credit note is due following the return of goods to the supplier.
- 6.11 All invoices shall be sent to the Finance Office. Invoices are scanned on receipt and matched to an order on the system. An electronic copy of the invoice is issued to the originator of the order for payment approval.
- 6.12 Workflow approval will be sent, via the accounting system to the budget manager. On approval by the budget manager, the invoice will be paid. If there are any differences in the documents the invoice will workflow, through the accounting system, for approval according to the scheme of delegation.

- 6.13 All issues regarding suppliers are to be kept under consideration. Frequent issues will result in the supplier being removed from the approved suppliers list.
- 6.14 If a budget holder is pursuing a query with a supplier, the Finance Department must be informed of the query and periodically kept up to date with progress.
- 6.15 The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the payments required. The payments and associated paperwork must be authorised by two of the nominated bank signatories.
- 6.16 Payments will be issued to suppliers by the Finance department by bank transfer. Payment by cheque would only be considered for exceptional circumstances. Electronic copies of supplier invoices and credit notes are stored within the finance system numerically.
- 6.17 **Orders over £1,000 but less than £10,000** - at least two estimates or price lists shall be obtained in order to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchase decision is made.
- 6.18 **Orders over £10,000 but under £40,000** - at least three written estimates shall be obtained for all orders to identify the best source of the goods/services. Written details of documents obtained shall be prepared and uploaded onto the finance system by budget holders for audit purposes. Telephone quotes are not acceptable.
- 6.19 **Orders over £40,000 but under £150,000** - at least three written quotations (preferably fixed price) shall be obtained for all orders between £40,000 and £150,000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and uploaded onto the finance system by budget holders for audit purposes. Telephone quotes are not acceptable.
- 6.20 **Orders over £150,000** - All goods/services ordered with a value over £150,000, or for a series of contracts which in total exceed £150,000 must be subject to formal tendering procedures. Orders with a value over £213,477 including VAT are subject to the Procurement Policy Notice 10/21 (Dec 2021).
- 6.21 **Forms of Tenders** - there are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure shall 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 DOR how best to advertise for suppliers e.g., general press, trade journals or to identify all potential suppliers and contact directly if practical. This method of tendering is most conducive to competition and the propriety of public

funds, and will be preferred whenever practical and cost effective.

- **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 is 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,
 - it can be demonstrated that equivalent or better market coverage and better value for money can be accessed than via other tender routes, for example energy supplies via a broker.
- **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,
 - pre-tendered products using a supply consortium agreement such as ESPO, CPC Preparation for Tender, or Everything ICT.
 - where it can be demonstrated that equivalent or better market coverage and better value for money can be obtained than using a direct

6.22 Full consideration shall 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.

6.24 **Invitation to Tender** - if a restricted tender is to be used then an invitation to tender must be issued. 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 shall 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 and,
- form of response.

6.26 Tender Award Considerations – the following matters should be evaluated:

- **Financial:**
 - Like shall 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 shall 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 of the product,
 - After sales service offered as part of the tender,
 - The financial status of supplier should be investigated for suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to examine Companies House records and have the audited accounts reviewed by the DOR,
 - Timeliness of delivery.

6.27 Tender Acceptance Procedures - the invitation to tender shall state the date and time by which the completed tender document must be received. Tenders shall be submitted in plain envelopes clearly marked to indicate they contain tender documents or by an equivalent electronic method. 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.

6.28 Tender Opening Procedures - all tenders submitted shall be opened at the same time and the tender details shall be recorded. The DOR and at least

one other appropriate person e.g., the CE, one of the Principals or, in the case of premises projects the project manager, should be present for the opening of tenders. A separate record shall be established to record the names of the suppliers submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

- 6.29 **Tendering Procedures** - the evaluation process shall involve at least two people. Those involved shall disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.30 Full records shall be kept of all criteria used for evaluation and for contracts over £100,000. A report shall be prepared for the Resources Committee highlighting the relevant issues and recommending a decision.
- 6.31 Where required by the conditions attached to a specific grant from the ESFA the department's approval must be obtained before the acceptance of a tender.
- 6.32 The accepted tender shall be the one that is most advantageous to the Trust. All parties shall then be informed of the decision.
- 6.33 **Credit Cards** - the Trust maintains a number of credit cards to assist in the purchasing of "on- line" items. All procedures covering approval and payments are the same as for normal purchases, except approved suppliers are not generally recognised for one-off credit card transactions on the system so a single account exists to cover all one-time on-line orders. Monthly expenditure limits will be set by the Head of Finance for each individual card holder, the main exception relating to a card issued to the DOR (if applicable) whereby the CE will set and agree the limit for this card. All statements must be signed by the Head of Finance, with the exception of the statement for the DOR where the CE will countersign the statement.
- 6.34 The Head of Finance will be responsible for maintaining a register of all card holders, the location of their cards and the limits applied to the cards. The Finance Assistant will reconcile the credit card statement on a monthly basis to ensure that all entries are supported by authorised orders and invoice documentation on the finance system. A separate payment run will then be made for credit card transactions in order to match the monthly direct debit amount paid to the card provider.

7 Income

- 7.1 The main sources of income for the Trust are the grants from the ESFA/LA and from sales. The receipt of these sums is monitored directly by the Head of Finance who is responsible for ensuring that all grants due to the Trust are collected.

- 7.2 The main sources of sales income for the Trust are:
- students, mainly for trips, catering sales and uniform;
 - the public, and/or lettings agent for lettings and/or the associated commission.
- 7.3 **Trips** - all trip calculations will be checked by the Finance Department to ensure that all costs have been calculated correctly prior to approval. A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Assistant.
- 7.4 Students shall make payments by the Trust's nominated cashless payment system(s) or at the Finance Office. A receipt must be issued for all cash monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment. Receipts for non-cash payment will be produced on request.
- 7.5 The Finance Assistant shall maintain an up to date record for each student showing the amount paid and the amount outstanding. This record shall be issued to the lead teacher on request and the lead teacher is responsible for chasing the outstanding amounts.
- 7.6 **Lettings** - a 3rd party lettings agent, Schools Plus, manages commercial bookings of school sites on behalf of the Trust, in accordance with the agreement held between the Trust and the agent.
- 7.7 The Finance Team will raise an invoice each month to Schools Plus based on records of bookings provided in accordance with the terms of the agreement. The Finance team will also raise invoices to any customers receiving other services from the Trust e.g. ICT Support.
- 7.8 **Custody** - official, pre-numbered academy receipts shall be issued for all cash received where no other formal documentation exists. All cash and cheques must be kept in the designated academy safe prior to banking. Banking shall take place every week or more frequently if the sums collected exceed the £10,000 insurance limit on the safe.
- 7.9 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant 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 Finance Manager.
- 7.10 An exemption exists to use cash from cash takings to top up petty cash floats. This may only happen after reconciliation of cash receipts has taken place and only with the authorisation of the Head of Finance.

8 Cash Management

- 8.1 **Bank Accounts** - the opening of all accounts must be authorised by the Resources Committee who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.
- 8.2 **Deposits** - particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details shall include:
- the amount of the deposit and,
 - a reference, such as the number of the receipt or the name of the debtor. Payments and withdrawals.
- 8.3 All cheques and other instruments (primarily electronic bank transfers using online banking) authorising withdrawal from the Trust's bank accounts must bear the signatures of two of the following authorised signatories:
- CE;
 - DOR;
 - Head of Finance;
 - Director of Standards & Improvement;
 - or other authorised signatory
- 8.4 This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board.
- 8.5 **Administration** - the DOR 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 academy's cash book;
 - reconciliations are prepared by the Finance Assistant or the Finance Manager;
 - reconciliations are subject to an independent monthly review carried out by the Head of Finance and adjustments arising are dealt with promptly.
- 8.6 **Petty Cash Accounts** - each academy maintains a maximum cash balance of £2,500. The cash is administered by the Finance Assistant and is kept in the designated safe.
- 8.7 **Deposits** - with the exemption of allowable procedure referred to in part 7, the only deposits to petty cash shall be from cheques cashed specifically for the purpose. The receipt shall be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the

payment. All other cash receipts for whatever reason shall be paid directly into the bank, unless used to top up petty cash floats if required.

- 8.8 **Payments and Withdrawals** - in the interests of security, petty cash payments will be limited to £100. Higher value payments shall be made by bank transfer directly from the main bank account as a cash book payment. In exceptional circumstances it may be considered expedient to issue a cash advance to a member of staff to assist in purchasing goods and/or services. This is only permitted if the member of staff signs a “cash advance” document. This “cash advance” does not constitute an approved re-imbursement document. The “petty cash voucher” must be completed in full and lodged with the finance department, including any balance of funds, within 10 days. Failure to comply will result in deduction from the employee’s salary.
- 8.9 **Administration** - the Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts shall be undertaken by the Finance Manager to ensure that the cash balance reconciles to supporting documentation.
- 8.10 **Physical Security** - petty cash shall be held in a locking cash box which is put in the safe overnight.
- 8.11 **Cash Flow Forecasts** - The Head of Finance is responsible for preparing cash flow forecasts to ensure that the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps shall be taken to invest the extra funds. Similarly plans shall be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.
- 8.12 **Investments** - Investments must be made only in accordance with the Trust’s Investment Policy. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9 Fixed assets

- 9.1 **Asset register** - all items purchased with a value over the academy’s capitalisation limit of £1,500 per item purchased must be entered into the financial asset register. Items that fall below the £1,500 per item limit but are deemed as high risk (e.g. IT equipment) may also be capitalised where the aggregate value of the items purchased is above £1,500. The asset register shall include the following information:
- asset description,
 - asset number,
 - asset cost,

- source of funding (% of original cost funded from ESFA grant and % funded from other sources),
 - expected useful economic life,
 - depreciation,
 - Current book value.
- 9.2 All high risk assets (predominantly ICT devices) must be entered separately onto a full (non-financial) Asset Register. This Asset Register shall include the following information:
- asset description,
 - asset number,
 - serial number,
 - date of acquisition,
 - name of member of staff responsible for the asset.
- 9.3 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 academy's financial system and
 - support insurance claims in the event of fire, theft, vandalism or other disasters.
- 9.4 **Security of Assets** - stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores. All the items in the register shall be permanently and visibly marked as the Trust's property. Discrepancies between the physical count and the amount recorded in the register shall be investigated promptly and, where significant, reported to the board. Inventories of Trust property shall be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this shall be noted.
- 9.5 **Additions** - all items using capital funds will be authorised by the DOR following a review of a business proposal put forward by a budget holder. A decision to capitalise will be made on the following criteria:
- Asset cost and,
 - Expected Life of asset.
- 9.6 **Disposals** - items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the financial approvals limits shown in section 2.15. Where significant, equipment for disposal shall be sold following competitive tender. Disposals must be carried out with reference to the Academies Trust Handbook. Disposals must be approved using the correct

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

- 9.7 All disposals of land must be agreed in advance with the ESFA/Secretary of State.
- 9.8 **Loan of Assets** - items of Trust property must not be removed from Trust premises without authority of a member of the Executive Group. A record of the loan must be recorded on a loan agreement with a full set of signatures and booked back in when it is returned.
- 9.9 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 shall therefore be kept under review and any potential benefits discussed with the Trust's auditors.

10 Stock

- 10.1 A full stocktake must be carried out on an annual basis for all stockholdings held within the company balance sheet, primarily shop stocks and catering stocks and the result of the stocktake must be returned to the Finance Office promptly following the stocktake.
- 10.2 Any discrepancy between the physical count and the stock system records and/or between stock system records and the accounting records must be notified to the Head of Finance. The valuation of the discrepancy will be calculated and notified to the DOR, with the approval process subject to the financial approval limits shown in section 2.15.
- 10.3 Stocks should also be checked periodically throughout the year using a 'cycle counting' methodology to ensure coverage of all stock takes place at least once across the course of the academic year prior to the full annual stock count to meet audit requirements.
- 10.4 Stocks shall not be purchased in excess of the normal requirement except with prior consent of the DOR. Stocks shall be kept securely at all times and are the ultimate responsibility of the Budget Holder for the department concerned.

ANNEXES:

- A. Purchase Order Exemption List (As at 22 September 2022).

ANNEX A

Purchase Order Exemption List (By Nominal Code) (Correct as at 6 Sep 2023)

Nominal Codes	Description
2200	Teaching Supply Costs
3000	Maintenance (Urgent Repairs (Catering/ICT/Estates) to value of £2,000)
3101	Water
3102	Electricity
3103	Business Rates
3104	Insurance
3108	Refuse
3109	Gas
3205	Transport
3206	Fuel
3208	Leases
3209	Vehicle Insurance
3210	Exam Fees
3211	Reprographics Recharges (Internal Recharge)
3213	External - Educational fees (in conjunction with 5701)
3300	Telephones - Standard Bills
3301	Postage
3307	Licenses
3312	Audit & Account Fees
3313	Child Care Fees
3316	Travel & Subs - Staff
3317	Eye Test & Medical
3318	Candidate Expenses
3320	Card Facility Charges
3323	Contingency
3324	Legal Fees
3410	Music Tuition Costs
3412	Staffing
3600	Staff Courses
3620	Food & Provisions
3622	Paper Goods/Consumables