



Unity of Purpose,
Diversity of Practice

Thomas Deacon Education Trust Resources Committee

Financial Regulations

March 2019, Resources Committee

1 Introduction

- 1.1 The purpose of this manual is to ensure that Thomas Deacon Education Trust (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 our funding agreement with the Education and Skills Funding Agency (ESFA).
- 1.2 The Trust must comply with the principles of financial control outlined in the academy's guidance published by the ESFA. 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.
- 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

2 Organisation

- 2.1 The Trust has defined the responsibilities of each person involved in the administration of academy 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 **Trust Board**
- 2.3 The Trust Board has overall responsibility for the administration of the academy's finances. The main responsibilities of the board are prescribed in the Master Funding Agreement between the Trust and the ESFA, the ESFA Academies Financial Handbook and in the Trust's scheme of delegation. The main responsibilities are listed within these documents.
- 2.4 **Resources Committee**
- 2.5 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.

2.6 The main responsibilities of the Resources Committee are detailed in written terms of reference which have been authorised by the Trust Board and the academy's scheme of delegation.

2.7 **Executive Group Meeting**

2.8 The Executive Group Meeting is an internal group consisting of the Chief Executive, the Directors of Education Secondary and the Director of Resources. This group meets monthly and serves as an oversight group for performance, planning and standards across the Trust.

2.9 **Chief Executive**

2.10 Within the framework of the Trust 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 Director of Resources but the CE retains responsibility for all those items listed within the Trust's scheme of delegation.

2.11 **Director of Resources**

2.12 The Director of Resources works in close collaboration with the CE through whom he or she is responsible to the Trust Board. The Director of Resources also has direct access to the board members via the Resources Committee. The main responsibilities of the Director of Resources are in line with those items listed within the Trust's scheme of delegation

2.13 **Principal**

2.14 Each Principal will work closely with the Director of Resources 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.

2.15 **Responsible Officer**

2.16 The Responsible Officer (RO) is appointed by the board and provides 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.

2.17 The RO will 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 the Resources Committee. Detailed guidance on the transactions to be checked by the RO is given in the ESFA Academies Financial Handbook and agreed with the Trust's Auditors.

2.18 **Senior Finance Manager**

2.19 The Senior Finance Manager works in close collaboration with the Director of Resources 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 a suitable 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 up to £10,000.
- To authorise the disposal of assets up to the value of £5,000.
- 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, miscodings, large or unusual items and prepare a financial risk assessment of the Trust's financial position.

2.20 Other Staff

- 2.21 Other members of staff, primarily the Management Accountant, Finance Manager, Finance Assistants 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.
- 2.22 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 academy board members and staff, with significant financial or spending powers, are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.
- 2.23 The register shall include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures shall also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a board member or a member of staff by that person.
- 2.24 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 an interest has been declared, board members and staff shall not attend that part of any committee or other meeting.

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, although delivered through an external provider, and payroll information is journaled into the accounting system monthly.
- ### 3.3 System Access
- 3.4 Entry to the accounting system is password restricted and the Director of Resources is responsible for implementing a system which ensures that passwords are changed as appropriate.
- 3.5 Access to the component parts of the accounting system can also be restricted and the Director of Resources is responsible for setting access levels for all members of staff using the system.

3.6 Back-up Procedures

- 3.7 The Director of Resources is responsible for ensuring that there are effective back-up procedures for the system. Data shall be copied onto a form of removable medium and the copies stored in a secure place preferably in a fireproof container. Back-up copies shall be taken daily.
- 3.8 The back-up copies shall not be recorded on the same removable medium each time as this may result in only one copy being available. In order to provide more protection from the loss of data at least three different removable mediums shall be used in rotation and stored in different locations. At least one copy shall be stored off-site.
- 3.9 A hard copy of the nominal ledger and audit trail is not required to be printed each month or shall be stored separately from the accounting system in a fireproof container because it is possible to retrieve retrospectively.
- 3.10 The Director of Resources shall prepare a disaster recovery plan 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.

3.11 Transaction Processing

- 3.12 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 using a spreadsheet and authorised by the Management Accountant prior to being input to the accounting system. All reversing journals will be approved by the Senior Finance Manager; all journals (reversing or otherwise) raised by the Senior Finance Manager will be authorised by the Director of Resources. 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 Management Accountant.
- 3.13 Detailed information on the operation of the accounting system can be found in the user manuals held in the Finance Office.

3.14 Transaction Reports

- 3.15 The Management Accountant 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;
 - Masterfile amendment reports for the purchase ledger and sales ledger;

3.16 The Director of Resources 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.

3.17 Reconciliations

3.18 The Senior Finance Manager 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.

3.19 Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Resources. The Senior Finance Manager will review and sign all reconciliations as evidence of their review

4 Financial planning

- 4.1 Both medium and short-term financial plans are prepared for the Trust and each of the academies in the Trust.
- 4.2 The medium term financial plan is prepared as part of the strategic planning process. The strategic 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 strategic 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 strategic planning process and the budgetary process are described in more detail below.
- 4.5 **Strategic Plan**
- 4.6 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.
- 4.7 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.
- 4.8 Each year the CE will propose a planning cycle and timetable to the Trust Board 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" and
 - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 4.9 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 assigned by the CE.
- 4.10 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.

4.11 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.

4.12 **Annual Budget**

4.13 The Director of Resources 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.

4.14 The approved budget must be submitted to the ESFA by 31 July each year and the Director of Resources is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.15 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 shall be a clear link between the strategic plan objectives and the budgeted utilisation of resources.

4.16 The budgetary planning process will incorporate the following elements:

- 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;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and 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 anticipated changes.

4.17 **Balancing the Budget**

4.18 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 and deferring projects until more funding is available. Plans and budgets will need to be revised until a satisfactory surplus of income over expenditure is identified.

4.19 **Finalising the Budget**

- 4.20 Once the different options and scenarios have been considered, a draft budget shall be prepared by the Director of Resources for approval by the CE, the Resources Committee and the Trust Board. The budget shall be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.21 The budget shall 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 shall be seen as a working document which may need revising throughout the year as circumstances change.
- 4.22 **Monitoring and Review**
- 4.23 Monthly reports will be prepared by the Senior Finance Manager. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for CE and the Resources Committee.
- 4.24 Any potential overspend against the budget must in the first instance be discussed with the Director of Resources. The accounting system will not allow payments to be made against an overspent budget without the approval of the Director of Resources.
- 4.25 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 from the contingency. Budget virements in one budget manager area can be agreed between the budget manager and the Senior Finance Manager. Any virements requested across different budget managers must be agreed by the Principal in conjunction with the Director of Resources if there is no change to the overall position of the academy budget. All budget adjustments that impact on the overall position of the academy or the Trust must be authorised by 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

- 5.3 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.
- 5.4 The HR Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes with a budgetary implication must be notified, in writing, to the Senior Finance Manager on a monthly basis via a log system generated by HR Manager in support of financial monitoring.

5.5 Payroll Administration

- 5.6 The Trust payroll is administered by an external provider.
- 5.7 All staff are paid monthly by the external provider. A master file is created for each employee which records:
- salary;
 - bank account details;
 - taxation status;
 - personal details and
 - any deductions or allowances payable.
- 5.8 New master files can only be created by the external payroll provider with the express approval of the HR Manager. Any master file amendments made by the Payroll Administrator must only be processed on receipt of written instructions from the HR Manager. Any master file amendments made by the Director of Resources must be authorised by the CE.
- 5.9 Any changes/amendments (including appointments, leavers) should be authorised by each individual academy prior to being input on the master file. All relevant documentation should be retained on the personnel file held at the relevant academy.
- 5.10 Sickness absence should be recorded separately and sent to the payroll provider monthly in arrears using information collected from the school information management system (SIMS).
- 5.11 Human Resources will notify the Trust Payroll Officer in accordance with the payroll deadline of any amendments to staff details.

5.12 Payments

- 5.13 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total shall be obtained from the system. The print must be reviewed, compared to the gross/net listing and authorised together with authority to release payment by the Director of Resources.
- 5.14 All salary payments are made by BACS.

- 5.15 The Trust Payroll Officer shall run a report between the current month's and the previous month's gross salary payments based on a 5% change. The Director of Resources will review this report, notate as necessary and sign it. The report will be filed with the appropriate month's payroll.
- 5.16 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 payover to HMRC and pension providers are correct for all academies in the Trust by the Senior Finance Manager.
- 5.17 After the payroll has been processed, the payroll data for the Trust will be formatted to create a payroll journal for uploading into the accounting system and approved by the Senior Finance Manager. Postings will be made both to the payroll control account and to individual cost centres. The Senior Finance Manager 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.
- 5.18 On an annual basis the Senior Finance Manager must check 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.

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 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 Director of Resources is responsible for ensuring that a value for money 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, Director of Resources 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**
- 6.6 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 commitments against budget are available, in real time, to all budget holders using RADIO. Should it be necessary the Management Accountant, on request, will supply budget holders with printed reports.
- 6.7 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 Senior Finance Manager.
- 6.8 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 Director of Resources for countersigning. The finance department will maintain a list of exemptions to the requirement for the completion of a requisition. This list will be reviewed quarterly and agreed with the Director of Resources.
- 6.9 Orders will be produced automatically from the accounting system, allocated a reference number and emailed directly to the supplier.
- 6.10 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 signed delivery note must be sent to the Finance Office. This must take place as soon as possible.

- 6.11 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 shall 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
- 6.12 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.
- 6.13 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.
- 6.14 All issues regarding suppliers are to be kept under consideration. Frequent issues will result in the supplier being removed from the approved suppliers list.
- 6.15 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.
- 6.16 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 cheque signatories.
- 6.17 Cheques or BACS payments will be dispatched to suppliers by the Finance department. Invoices will then be filed, numerically.
- 6.18 **Orders over £1,000 but less than £10,000**
- 6.19 At least two estimates or price lists shall be obtained for all orders between £1,000 and £10,000 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.
- 6.20 **Orders over £10,000 but under £40,000**
- 6.21 At least three written estimates shall be obtained for all orders between £10,000 and £40,000 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.

6.22 Orders over £40,000 but under £150,000

6.23 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.

6.24 Orders over £150,000

6.25 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. Purchases over £181,312 excluding VAT (threshold from 31/01/19) may fall under EU procurement rules, which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook.

6.26 Forms of Tenders

6.27 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 Director of Resources 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 academy'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,

- pre-tendered products using a supply consortium agreement such as ESPO or CPC Preparation for Tender

6.28 Full consideration shall be given to:

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

6.29 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.

6.30 Invitation to Tender

6.31 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.

6.32 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.

6.33 Aspects to Consider

6.34 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?

6.35 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.

6.36 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 the audited accounts etc. examined with the Director of Resources.

6.37 Tender Acceptance Procedures

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

6.39 Tender Opening Procedures

- 6.40 All tenders submitted shall be opened at the same time and the tender details shall be recorded. The Director of Resources 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.
- 6.41 A separate record shall 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.

6.42 Tendering Procedures

- 6.43 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.
- 6.44 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.
- 6.45 Full records shall be kept of all criteria used for evaluation and for contracts over £50,000. A report shall be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria shall be reported to the Resources Committee.
- 6.46 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.
- 6.47 The accepted tender shall be the one that is economically most advantageous to the Trust. All parties shall then be informed of the decision.

6.48 Credit Cards

- 6.49 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 Director of Resources for each individual card holder, the main exception being that the CE will set and agree the limit on the Director of Resources’ card. All statements must be signed by the Senior Finance Manager, with the exception of the statement for the Director of Resources (see 6.50 below).
- 6.50 If the Director of Resources has charges relating to their card the CE will need to countersign the statement
- 6.51 The Senior Finance Manager will be responsible for maintaining a register of all card holders, the location of their cards and the limits applied to the cards.
- 6.52 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 and from sales. The receipt of these sums is monitored directly by the Director of Resources who is responsible for ensuring that all grants due to the Trust are collected.
- 7.2 The academy also obtains income from:
- students, mainly for trips and
 - the public, for lettings.
- 7.3 **Trips**
- 7.4 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.
- 7.5 Students shall make payments 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,

- 7.6 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.
- 7.7 **Lettings**
- 7.8 The TDET External Bookings Coordinator is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities unless permission is obtained from the Director of Resources prior to agreement.
- 7.9 Details of organisations using the sports facilities shall be sent by the External Bookings Coordinator to the Finance Assistant who will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments made and outstanding accounts will be forwarded to the External Bookings Coordinator at the beginning of each week and the External Bookings Coordinator is responsible for liaising with the Finance Department in chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.
- 7.10 No debts, arising from lettings or non-lettings income, shall be written off without the express approval of the Director of Resources. The Director of Resources will notify the Resources Committee of any single amounts over £1,000 and the reasoning behind the decision (the ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter). An annual report of debt write off will be given to the Resources Committee.
- 7.11 Organisations using the facilities shall be instructed to send all payments to the Finance Office.

7.12 Custody

- 7.13 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.
- 7.14 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.
- 7.15 Subject to paragraph 7.14 an exemption exists to use cash from cash dispensers, or cash takings generally, to top up petty cash floats. This may only happen after reconciliation of cash has taken place and only with the authorisation of the Senior Finance Manager.

8 Cash Management

8.1 Bank Accounts

- 8.2 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.

8.3 Deposits

- 8.4 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
- 8.5 All cheques and other instruments authorising withdrawal from the Trust's bank accounts must bear the signatures of two of the following authorised signatories:
- CE;
 - Director of Resources;
 - Senior Finance Manager
 - or other authorised signatory

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

8.7 Administration

8.8 The Director of Resources 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 Senior Finance Manager or in his absence the Responsible Officer (RO) and adjustments arising are dealt with promptly.

8.9 Petty Cash Accounts

8.10 The academy maintains a maximum cash balance of £2,500. The cash is administered by the Finance Assistant and is kept in the designated safe.

8.11 Deposits

8.12 With the exemption of allowable procedure referred to in paragraph 7.15 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.

8.13 Payments and Withdrawals

8.14 In the interests of security, petty cash payments will be limited to £100. Higher value payments shall be made by cheque directly from the main bank account as a cash book payment.

8.15 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, signed by a member of the Executive Group. This "cash advance" does not constitute an approved re-imbusement 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.

8.16 Administration

8.17 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.

8.18 **Physical Security**

8.19 Petty cash shall be held in a locking cash box which is put in the safe overnight.

8.20 **Cash Flow Forecasts**

8.21 The Director of Resources 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.

8.22 **Investments**

8.23 Investments must be made only in accordance with the Trust's investment policy.

8.24 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

9.2 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

9.3 In addition, all assets 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
- asset cost
- name of member of staff responsible for the asset

9.4 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.

9.5 **Security of assets**

- 9.6 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 9.7 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.

9.8 **Additions**

- 9.9 All Items using capital funds will be authorised by the Director of Resources 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
 - Expected Life of asset

9.10 **Disposals**

- 9.11 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Resources and, where significant, shall be sold following competitive tender. Disposals must be carried out with reference to the Academies Financial Handbook. Disposals must be approved using the correct form with all details being completed.
- 9.12 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.
- 9.13 All disposals of land must be agreed in advance with the Secretary of State.

9.14 **Loan of Assets**

- 9.15 Items of Trust property must not be removed from Trust premises without the 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.
- 9.16 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
- 10.2 The result of the stocktake must be returned to the Finance Office promptly following the close of the financial year.
- 10.3 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 Senior Finance Manager. The valuation of the discrepancy will be calculated and notified to the Director of Resources, with any discrepancies over £1,000 referred to the Resources Committee.
- 10.4 Stocks should also be checked monthly 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 stock count at the yearend.
- 10.5 Stocks shall not be purchased in excess of the normal requirement except with prior consent of the Director of Resources
- 10.6 Stocks shall be kept securely at all times and are the ultimate responsibility of the Budget Holder for the department concerned.