



CASTLEMAN ACADEMY TRUST

POLICY :

Finance

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CASTLEMAN ACADEMY TRUST

Finance Policy

This policy refers to Senior Leaders. This can mean Executive Head Teacher, Head Teacher or Head of School.

Principles

The Trust Board will manage the affairs of Trust Academies in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life and in line with all ESFA Guidelines and statutory rules.

- Selflessness

Holders of public office should take decisions solely in terms of the public interest.

- Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.

- Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

- Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demands

- Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

- Leadership

Holders of public office should promote and support these principles by leadership and example.

Best Value Statement

The Castleman Academy Trust Board (CAT) is committed to achieving Best Value in all decisions made. We use the principles of Best Value as they apply to securing continuous improvement and will:

- Regularly review the functions of academies, **challenging** how and why services are provided and setting targets and performance indicators for improvement;
- Monitor outcomes and **compare** performance with similar schools and within each school;
- **Consult** appropriate stakeholders before major decisions are made;
- Promote fair **competition** through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

We will strive to ensure that each school is using its resources effectively to meet the needs of the pupils. The progress of the annual budget plan and Best Value statement (BVS) will be monitored regularly through the Finance and Audit Committee and reported to the Trust Board.

The Trust's BVS will be published on the website together with a copy of the accounts in accordance with the Academies Trust Handbook.

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1. INTRODUCTION

The purpose of this policy is to ensure that the Castleman Academy Trust maintains and develops systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Academy's Funding Agreement with the Department for Education and the DFE guidance contained in the Academies Trust Handbook and Accounts Direction. As charities, academy trusts must maintain accounting records and provide publicly accessible accounts in line with the Statement of Recommended Practice (SORP) for charities.

This policy expands on the guidance and forms the manual detailing information on the Trust's accounting procedures and systems. It should be read by all trustees, staff and governors involved with financial systems and accountability.

2. ORGANISATION

Refer to Appendix 1.

- 2.1 The Trust Board has defined the responsibilities of each person involved in the administration of Academies' finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, directors, governors and staff. The financial reporting structure is illustrated below:

The Trust Board

- 2.2 The Trust Board has overall responsibility for ensuring the Castleman Academy Trust funds are used only in accordance with the law, its articles of association, its Funding Agreement and the Academies Trust Handbook. The main responsibilities of the Trust Board are prescribed in these documents along with the Annual Accounts Direction and in the Scheme of Internal Delegation.

The main responsibilities include:

- Ensuring that grants from the ESFA are used only for the purposes intended;
- Approval of the Annual Budget;
- Appointment of the Head Teacher/Head of School;
- Approval of a written scheme of delegation;
- Appointment of the Deputy Heads of School and the Chief Financial Officer, in conjunction with the Chief Executive Officer.

The Board must understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:

- Act within their powers
- Promote the success of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence
- Avoid conflicts of interest
- Not to accept benefits from third parties
- Declare interest in proposed transactions or arrangements.

These duties are especially relevant when entering into transactions with connected parties.

The Finance and Audit Committee

2.3 The Finance and Audit Committee is a committee of the Trust Board. The Finance & Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary.

2.4 The main responsibilities of the Finance and Audit Committee are detailed in the terms of reference and the schemes of delegation which have been authorised by the Trust Board. The main responsibilities include to consider and make recommendations to the Trust Board on all financial and budgetary matters not delegated either to the Chief Executive Officer or to the Finance & Audit Committee, including:

- the preparation of the annual budgets by each school within the trust and of any periodic review of budget monitoring reports;
- all finance policies;
- approval of procedures for full competitive tendering decisions on expenditure items above £75,000;
- acceptance of tenders for goods, services or works above the value of £75,000,
- Authorising contracts above £50,000
- approval of arrangements to secure compliance with financial regulations;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charity Law and the DfE guidance issued to academies.
- The Committee has authority to investigate any activity that it deems relevant to its inquiries and to seek any information from staff that it requires;
- The Committee will work with the Responsible Officer and the Auditor, ensure they are accorded full co-operation and receive and consider their reports;
- The Committee will make recommendations for improvement to financial procedures based on the outcome of audit reports both internal and external.
- The Committee will seek to promote a climate of financial discipline and control to help ensure the highest standards of probity and efficiency.

The Chief Executive Officer

2.5 The Chief Executive Officer has overall executive responsibility for Schools within the Trust.

The funding agreement identified the Chief Executive Officer as the Accounting Officer who is personally responsible to the Trust Board for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the schools

The Accounting Officer must sign and publish a value for money statement in accordance with DfE guidance as well as completing and signing a statement on regularity, propriety and compliance each year and submit this to ESFA with audited accounts.

The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the Academies Trust Handbook (ATH) and the

funding agreement. The accounting officer must advise the board in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or the AFH. Similarly, the accounting officer must advise the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the AFH or funding agreement. Where the board of trustees is minded to proceed, despite the advice of the accounting officer, the accounting officer must consider the reasons the board gives for its decision. If, after considering those reasons the Accounting Officer still considers that the action proposed by the board is in breach of the articles, the funding agreement or this handbook, the Accounting Officer must notify ESFA's accounting officer immediately, and in writing.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

The Executive Head Teacher/Head Teacher

2.6 The (Executive) Head Teacher has overall responsibility for their authorised establishment. Their duties include:

- Approving new staff appointments within the authorised establishment.
- Authorising contracts between £1,000 and £15,000, in conjunction with the School Finance Lead and Trust CFO.
- Signing cheques and releasing electronic payments as detailed in the scheme of delegation.

Within the framework of each individual School's Development Plan as approved by the Trust Board or Local School Standards Board the (Executive) Head Teacher has overall executive responsibility for the School's activities including financial activities. Much of the financial responsibility has been delegated to the Chief Executive Officer and the Chief Financial Officer, but the (Executive) Head Teacher still retains responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the School Standards Board have agreed should be approved by them;
- Signing cheques or releasing electronic payments in conjunction with the School Finance Lead or other authorised signatory.

The Chief Financial Officer

2.7 The Chief Financial Officer works in close collaboration with the Chief Executive Officer through whom he or she is responsible to the Trustees. The Chief Financial Officer also has direct access to the Trust Board of Directors via the Trust Board Finance & Audit Committee. The main financial responsibilities of the Chief Financial Officer are (and are detailed in the Job Description for the post):

- Responsibility for the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each school within the trust;
- The preparation of monthly management accounts;

- Ensuring orders below £5,000 are authorised in conjunction with budget holders;
- Signing cheques and releasing electronic payments in conjunction with the (Executive) Head Teacher or other authorised signatory;
- Ensuring all statutory returns are sent to the ESFA within published deadlines.

The Chief Financial Officer will also act as the Chief Financial Officer for the Trust.

The Responsible Officer

2.8 The Responsible Officer (RO) is appointed by the Board of Trustees and provides Trustees with an independent oversight of the Trust's financial affairs. The main duties of the RO are to provide the Trustees with independent assurance that:

- The financial responsibilities of the Trustees are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions.

2.9 The Responsible Officer will undertake programme of reviews as prescribed by the Chair of the Finance and Audit committee to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust Board. A report of the findings from each visit will be presented to the Audit Committee.

The School Standards Board

2.10 To receive brief financial overviews of their school budget to satisfy that the school has sufficient budget allocation to meet the School Improvement Plan.

2.11 To monitor the financial governance and operation of the school to comply with the Trust's financial regulations, policies and procedures.

2.12 To propose and monitor the school's annual budget and three year budget plan.

Other Staff

2.13 Other members of staff, primarily the Finance Team and budget holders, will have some financial responsibility. All staff are responsible for the security of School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the School's financial procedures.

Register of Interests

2.14 The Director of Governance Operations will keep a register of interests in accordance with the Trust Board Principles and ensure that this is published on the website.

3. ACCOUNTING SYSTEM

3.1 All the financial transactions of each School within the trust must be recorded on the Trust accounting system.

System Access

- 3.2 Entry to the system is password restricted and the Chief Financial Officer is responsible for implementing a system which ensures that passwords are changed at least every 3 months.
- 3.3 If access to the component parts of the system can also be restricted, the Chief Financial Officer is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 3.4 Back-up procedures are described in the ICT Policy.
- 3.5 The Business Continuity Plan will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the Trust Board of the major risks to which schools are exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 3.6 All Trust transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy.
- 3.7 Detailed information on the operation of the accounting system can be found in the user manuals.

Transaction Reports

- 3.8 The Chief Financial Officer (or their nominated deputy) 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:
 - Amendment reports for the payroll, including salary reports and amendments;
 - Management accounts summarising expenditure and income against budget at budget holder level;
 - Bank Account Statements
 - Other reports as required.

Reconciliations

- 3.9 The Chief Financial Officer is responsible for ensuring reconciliations are performed each month in accordance with a monthly procedures checklist; these will include the reconciliation and clearing down of control accounts as well as bank reconciliations, funding reconciliations and petty cash reconciliations.
- 3.10 Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Executive Officer. The Chief Financial Officer will review and sign all reconciliations as evidence of their review.

4. FINANCIAL PLANNING

- 4.1 The Trust prepares both medium term and short-term financial plans based on development plans from all schools within the Trust.

- 4.2 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.
- 4.4 The development planning process and the budgetary process are described in more detail below.

School Evaluation and Development Planning

- 4.5 Development Planning takes place annually and draws upon the evaluation of each School's current performance as well as upon likely internal and external changes that affect each School. The evaluation outlines several "areas for development" over coming years; more detailed plans show what aspects are being tackled in the current year.
- 4.6 Development Planning is also informed by budgetary considerations and significant financial costs are indicated in the Plans and cross-referenced in the Budget.
- 4.7 The School Evaluation and Development Plans and the Annual Budget are prepared by the Senior Leaders, considered by the School Standards Board, and approved by the Chief Executive Officer and Trust Board. The process is continuous and subject to evaluation and review.
- 4.8 The annual cycle of financial tasks, evaluation and development planning is illustrated in Appendix 3.
- 4.9 Members of Senior Leadership Team take responsibility for different sections of the School Evaluation and Development Plans document. The (Executive) Head Teacher is responsible for co-ordinating the process.

Annual Budget

- 4.10 The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Trust Board and the Finance Committee. Senior Leadership Team and School Standards Boards will be consulted as per the scheme of delegation.
- 4.11 The approved budget must be submitted to the ESFA in the form of a budget forecast spreadsheet by 31st July and the Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.12 The annual budget will reflect the best estimate of the resources available to each School for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 4.13 Part of the annual budget setting process should be the approval of a 3 year financial plan, taking into account funding issues, NOR, future school development plans and staffing issues.

4.14 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 each School to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of each School cost base;
- Review of staffing levels and issues;
- Identification of potential efficiency savings;
- Review of the main expenditure headings and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

4.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. All schools in the CAT must set a medium-term balanced budget (taking into account the level of reserves available to the Trust) to secure the financial stability of the Trust. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

4.16 Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Financial Officer for approval as per the Scheme of Delegation. The budget once agreed should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budget constraints.

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

Monitoring and Review

4.18 Monthly management reports will be prepared by the Chief Financial Officer. The reports will detail actual income and expenditure against budget at a summary level for the Senior Leaders, Chief Executive Officer and the Finance Committee.

4.19 Regular management reports will also be prepared for each School by School Finance staff, at least once per term or more frequently as required. These reports will be reviewed by School Standards Boards in accordance with their monitoring responsibilities as set out in the Scheme of Delegation.

4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. It should be carried out in accordance with a monthly procedures checklist.

4.21 The Chief Financial Officer and School finance staff are responsible for checking that income and expenditure have been posted in the finance system correctly (against income remittances or

internal order requisition documents), and making any necessary adjustments, in order to ensure the accuracy of monthly budget monitoring.

Payroll

5.1 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration; and
- Payments.

Staff Appointments

5.2 The Trust Board has approved staffing structures for its Schools. Changes can only be made to this structure with the express approval in the first instance of the Trust Finance Committee who must ensure that adequate budgetary provision exists for any structural changes and by approval of the Board of Trustees.

5.3 The (Executive) Head Teacher has authority to appoint staff within the authorised structure (except for Deputy Heads of School, Assistant Heads, and the Chief Financial Officer whose appointments must follow consultation with the Trust). The Operations and HR Director oversees the maintenance of personnel files for all members of staff, for their authorised establishment which include contracts of employment. All personnel changes must be notified, in writing, to the Chief Financial Officer.

Payroll and Administration

5.4 The Schools' payroll is administered by our appointed contractor, and payroll transactions are entered/imported to the external system. Access to the system is password controlled. Password control procedures and backup arrangements are described in Appendix 4.

5.5 All staff are paid monthly through our appointed contractor.

Payments

5.6 All salary payments are made by BACS.

5.7 The Operations and HR Director ensures changes to contracts of employment or implementation of new contracts of employment, are cross-checked against the gross pay on the payroll system with the contract of employment. This is also backed up in personnel files and the various on-line systems. The Operations and HR Director is responsible for the preparation of the reconciliation between the current month payroll reports and the updated budget version maintained within the accounting system, showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Chief Financial Officer (or their nominated deputy) or CEO.

5.8 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

5.9 Annual Salary Statements will be issued to all staff detailing current basic salary plus additional payments for responsibilities.

6. PURCHASING/BACS

6.1 The Trust wants to ensure it achieves the best value for money from all our purchases. This means obtaining the correct quality, quantity and time at the best price possible. A large proportion of 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 schools within the Trust;
- **Accountability** - the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness** - that all those dealt with by the Trust are dealt with on a fair and equitable basis.

Routine Purchasing

6.2 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. The system makes available information detailing actual expenditure against budget. Budget holders must keep their records up to date.

6.3 Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the School Finance Office. A quote or price must always be obtained before any order is placed. Quotes should be obtained in line with the financial guidelines set by the Trust. It is necessary to show best value for each purchase and therefore 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 Chief Financial Officer.

6.4 All orders must be made, or confirmed, in writing using the Trust's finance system. Orders must be authorised by the budget holder and forwarded to the School Finance Office where the School Finance Lead will check to ensure adequate budgetary provision exists.

6.5 Designated staff check accuracy of deliveries on arrival before passing on to Budget holders for them to check.

6.6 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the School Finance Office will keep a central record of all goods returned to suppliers.

6.7 All invoices should be sent to the School Finance Office to ensure that they are entered on to the system once approved for payment by the Budget Holders.

6.8 Payments made to staff must be authorised by Senior Leaders. Where possible conflicts may arise (e.g. payment to a staff member who is a relative), a second signatory should be used to ensure probity.

- 6.9 At least once a week the Chief Financial Officer will review the invoices due for payment. Cheques/BACS payments and associated reports will be produced and the payments authorised by two of the nominated bank signatories/approvers.
- 6.10 The Chief Financial Officer will arrange for invoices above £25,000 requiring Trust Finance Committee approval to be passed to the Chief Executive Officer so that authorisation can be obtained.
- 6.11 Payments will be made by cheque or BACS after a payments list has been approved. Use of cheques are discouraged by the Trust, preferring to use BACS for payments. Where cheques are unavoidable, they will be administered by the Trust Central staff and recorded on individual school systems.
- 6.12 At least three written quotations should be obtained for all orders between £5,000 and £75,000 to identify the best value supplier of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders and the finance team for audit purposes.
- 6.13 All goods/services ordered with a value over £75,000, or for a series of contracts which in total exceed £75,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value. Purchases over this figure may fall under EU procurement rules. New legislation introduced in February 2015 can be found at <http://www.legislation.gov.uk/ukxi/2015/102/made>

Forms of Tender

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

Open Tender

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the School Finance Lead 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 School's requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender

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

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

Preparation for Tender

6.15 Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract.

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

Invitation to Tender

6.17 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.

6.18 An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender and
- Form of response.

Aspects to Consider

Financial

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

Technical/Suitability

- Qualifications of the contractor (including insurance checks, sub contractor tax compliance)
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts up to £25,000 - two of the budget holders, the Chief Financial Officer or the (Executive) Head Teacher;
- For contracts over £25,000 – either the Chief Financial Officer or the Chief Executive Officer plus a member of the Finance Committee.

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

Tendering Procedures

6.22 The evaluation process should involve at least two people. Those involved should 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.

6.23 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.

6.24 Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance and Audit Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance and Audit Committee.

6.25 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.

6.26 The accepted tender should be the one that is economically most advantageous to the School/Trust. All parties should then be informed of the decision.

7. INCOME

- 7.1 The main sources of income for the Trust and its schools are the grants from the ESFA. The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to the Trust and its School are collected.
- 7.2 The Trust also obtains income from:
- The public, mainly for lettings;
 - Consultancy work done by staff as part of their role and remit in supporting other schools, and
 - Certain local charities.
 - Parents for school trips, music lessons etc

This list is not exhaustive.

Trips

- 7.3 Trips are administered in line with the Trusts Charging and Remissions policy and Trust's Educational Visits policy.
- 7.4 A Lead Teacher is appointed for each trip to manage the procedures for finance, health and safety and the educational outcomes of the visit. Office staff and the Finance Lead will take responsibility for the collection, recording and banking of trip revenue. A Trips Costing Form must be completed for all in-house and external/residential trips and checked by the Finance Lead before approval from Senior Leaders is sought.
- 7.5 Students should make payments via the school's payment system or in exceptional circumstances, at the School Office.
- 7.6 The School Finance Office will monitor an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a timely basis and office staff are responsible for chasing the outstanding amounts.

Lettings

- 7.7 Lettings are in accordance with the Trust's Conditions of Hire and Schedule of Charges which may be reviewed from time to time.

Custody

- 7.8 Official, pre-numbered School receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the School Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the School Finance Office safe.
- 7.9 Monies collected must be banked in their entirety in the appropriate bank account. The School Finance Lead is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

8. CASH MANAGEMENT

Bank Accounts

8.1 The opening of all accounts must be authorised by the Trust Board 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.

Deposits

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

- The amount of the deposit 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 authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- The Chief Executive Officer;
- The (Executive) Head Teacher;
- The Chief Financial Officer
- The Chair of the Trust Board
- Finance Lead

8.4 This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board.

Administration

8.5 The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the Trust's cash book;
- Reconciliations are reviewed and signed by the Chief Financial Officer
-
- Adjustments arising are dealt with promptly.

Petty Cash Accounts

8.6 Trust Schools maintain a maximum cash balance of £400. The cash is administered by the School Finance Lead and is kept in the Finance office safe. Personal cheques will not be cashed. Emergency funds have been given to each school in the Trust which are reconciled on a monthly basis.

Deposits

- 8.7 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should 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 should be paid directly into the bank.

Payments and Withdrawals

- 8.8 In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque directly from the main bank account. All payments must be supported by VAT invoices/receipts and must be signed for by recipient. Prior approval from a budget holder should be sought before expenditure is made on the assumption of petty cash reimbursement.

Administration

- 8.9 The School Finance Lead is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Chief Financial Officer to ensure that the cash balances reconcile to supporting documentation.

Physical Security

- 8.10 Petty cash should be held in a locking cash box which is put in the safe overnight.

Cash Flow Forecasts

- 8.11 The Chief Financial Officer 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 should be taken to invest the extra funds.

Investments

- 8.12 Investments must be made only in accordance with written procedures approved by the Trust Board.
- 8.13 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

Please see the Fixed Assets Policy for detailed information.

Asset Register

- 9.1 All items purchased with a value over £1000, or could be considered "attractive" (i.e. vulnerable to theft - for example laptops, digital cameras) must be entered in an asset register, kept by the Chief Financial Officer. They are responsible for the asset in the Asset Register, and are required, on a yearly basis, to check the register and report any discrepancies to either the Chief Executive Officer or the Trust Chair.

The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
-
- Expected useful economic life
- Depreciation
- Current book value

The asset register should be reconciled bi-annually by the Chief Financial Officer (or their nominated deputy) to ensure that it is up to date and associated costs and depreciation are measured accurately.

9.2 The Asset Register helps:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- To manage the effective utilisation of assets and to plan for their replacement;
- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

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

9.4 All the items in the register should be, where practical, permanently and visibly marked as the school's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the School Standards Board, which is in turn reported to the Trust Board. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it this should be noted.

Disposals and Depreciation

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the (Executive) Head Teacher, Chief Financial Officer and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

9.6 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 trust would need to ensure licences for software programmes have been legally transferred to a new owner.

- 9.7 The Trust or its Schools are expected to reinvest the proceeds from all asset sales for which capital grant was paid in other trust assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.
- 9.8 All disposals of land must be agreed in advance with the Secretary of State.
- 9.9 The Trust Board have agreed the depreciation policy for the assets as follows:-
- Leasehold property – over the term of the lease (normally 0.8% per annum / 125 years)
 - Fixtures, fittings and equipment – 10% - 33% per annum
 - Motor vehicles – 25% per annum
- 9.10 The Disposal Procedure is documented in Appendix C to the Fixed Asset Policy

Loan of Assets

- 9.11 Items of Trust property must not be removed from Trust premises without the authority of the Senior Leaders. A record of the loan must be recorded in a loan book and booked back in school when it is returned.
- 9.12 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a “benefit-in-kind” for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust’s auditors.

10. TAX

- 10.1 The Trust is not registered for VAT purposes. For current limits required to register for business activity see www.hmrc.gov.uk
- 10.2 Schools are now exempt from making payments in accordance with the Construction Industry Scheme, but are obliged to check that contractors have CIS Certificates.

11. AUDIT/FRAUD

- 11.1 The Trust has appointed auditors. For more information please contact the Chief Financial Officer.
- 11.2 The Trust has appointed a Responsible Officer. For more information please contact the Chief Financial Officer and refer to Appendix 2.
- 11.3 Fraud can occur in Academies although the level of identified fraud in Academies is very low, Trust Schools needs to be aware of the potential for it to occur.
- 11.4 The following policies also relate and give guidance to reduce the possibility of fraud occurring: Declaration of Interests, Whistleblowing Policy, Risk Management & the Risk Register, Governors Expenses and Handbook of Governance.
- 11.5 This policy details the separation of duties regarding the finance procedures and payroll.
- 11.6 Suspicions of fraud should be reported to a member of the SLT and the Trust Board.

12. INSURANCE

- 12.1 The Trust reviews all risks annually to ensure the cover available and the sums insured are adequate.
- 12.2 The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 12.3 The Trust will not give any indemnity to a third party.
- 12.4 The Trust and its schools will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

13. BAD DEBTS

- 13.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.
- 13.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- 13.3 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:-
- 3 weeks from date of account - 1st reminder
 - 6 weeks from date of account - 2nd reminder
 - 8-10 weeks from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

- 13.4 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off following authorisation from the Trust Finance Committee.
- 13.5 To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts.
- 13.6 Schools within the Trust will retain a Bad Debt Write-Off Summary.

14. REDUNDANT EQUIPMENT

- 14.1 The School Standards Board, with Trust Board approval, has the authority to declare equipment, furniture or other assets or stores, surplus to requirements and to make arrangements for their sale or write off, provided that the items concerned were purchased in whole or in part with a grant from the Secretary of State for Education.

- 14.2 A Disposal of Equipment form will be completed for all items which are to be disposed of and internal control will be exercised to ensure that the asset is no longer of use (i.e. it is obsolete) and that obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.
- 14.3 Where the estimated disposal value of surplus or redundant assets (equipment) is less than £500 or sale is to be by public auction or competitive tendering, disposal can be authorised by the (Executive) Head Teacher.
- 14.4 The prior approval of the School Standards Board will be required if;
- The estimated disposal value is above £500 and the sale is not to be by public auction or competitive tendering;
 - The estimated disposal value is above £500 or;
 - The sale is to be to a Governor or employee of schools within Trust.
- 14.5 The prior written consent of the Secretary of State for Education is required in accordance with section 89 of the School Funding Agreement as follows;
- Before the disposal of any asset for which a grant of over £20,000 was made, or land and buildings which had been transferred from the Local Authority at no cost to the Trust or its schools.
 - Before the sale or disposal by other means, or reinvestment of proceeds from the disposal of an asset or group of assets, for which a capital grant in excess of £20,000 was paid.
- 14.6 As set out in section 93 of the School Funding Agreement Trust Schools will provide 30 days' written notice to the Secretary of State for Education of its intention to dispose of assets for a consideration less than the best price that can reasonably be obtained, whether or not such disposal requires the Secretary of State for Education's consent as detailed above.

15. INSTRUMENTAL MUSIC TEACHERS

- 15.1 As far as possible the amount of instrumental teaching should be sufficient to satisfy the demand from pupils.
- 15.2 Teachers will work on a contract for services being paid a standard hourly rate for the time they spend teaching in School. Teachers will be asked to supply the School with a copy of their Public Liability insurance.
- Invoices will be given directly to the Operations Director for payment in a timely fashion.
- 15.3 The hours and timing of the lessons will be agreed with the School Office and the Senior Leaders. The (Executive) Head Teacher will ensure that the total expenditure on instrumental lessons is within the agreed budget.
- 15.4 When on site, instrumental teachers will be responsible to the Headteacher. Each teacher should keep a register of pupils. The Operations Director will keep a record of lessons taught.
- 15.6 Instrumental teachers will be asked to monitor the condition of instruments and Headteacher informed of any maintenance needs.

16. RENEWAL OF CONTRACTS

Contracts will be regularly monitored and evaluated by School Standards Boards reporting to the Trust Board. The evaluation report will be received by the relevant governors' committee and passed to the Trust Board. All contracts will be evaluated annually and the Trust Board will determine changes that might be made.

17. STAFF TRAVEL

Staff may claim travel expenses when their journeys are for school purposes and the journey has had the prior approval of the Chief Executive Officer or the Senior Leaders. The rate of reimbursement for staff using their own vehicles will be as specified by the Trust. Claims should only be made for excess mileage over and above the normal journey from home to school. All claims must be accompanied by a VAT fuel receipt.

No member of staff, including the Chief Executive Officer or Senior Leaders, may authorise their own travel claim. Travel claims by the Chief Executive Officer must be authorised by the Trust Chair. The (Executive) Head Teacher must have their travel claim authorised by the Chief Executive Officer.

All payments to employees for expenses, except petty cash reimbursements, must be made via the payroll service.

18. HOSPITALITY AND GIFTS POLICY

Each school should maintain a Register of Gifts and Hospitality (irrespective of whether or not there are any entries to be entered) which should be used to record gifts both given and received, offered and refused, as detailed in Section 4.8 of the Trust Code of Conduct and Guidelines for Safe Working Practices for the Protection of Children and Staff.

We recognise that many families wish to express their gratitude to staff and gifts under the value of £20 do not have to be recorded in the Register of Gifts and Hospitality. Any over this amount should be registered and the Senior Leaders informed.

APPENDIX 1 – Financial Reporting & Responsibility Structure

Record of Financial Responsibility

Financial Year:

Date Approved		Date of Review	
Signed	Chair of Trust		

Approval of Budget:

Delegated to: (Consistent with Trust Board decisions and Schemes of Delegation for Sponsored and Sponsoring Schools)	Trust Board
Date of Meeting to Approve Plan	
Date of Budget Plan submitted to ESFA	

Financial Reporting Arrangements:

	Monthly	Termly	Annually
Trust Board/Finance Committee		Trust Board Report LGB Report	Benchmarking Report Annual presentation of Accounts
Chief Executive Officer/Trust Chair	Monthly Summary		
(Executive) Head Teacher	Monthly summary		
Budget Holder	Departmental Budget Report		

Certifying Officers

Name	Document Type	Individual Transaction Limit
Chief Executive Officer	All	Expenditure above £25000 requires Trust Board approval
(Executive) Head Teacher	All	Expenditure above £15000 requires Chief Executive Officer approval
Head of School (in schools which have this role)	All	Expenditure up to £1000, as required
Trust Schools Chief Financial Officer (or their nominated deputy)	All	Expenditure above £15000 requires Chief Executive Officer approval Approval of Payroll
Finance Officer/Manager	All	
Value above which three competitive quotations are sought		£5000
Value above which full competitive tendering arrangements must be applied: <small>Competitive tendering can be considered below this figure</small>		£75000

Expenditure limit above which Trust Board approval is required: Given by Chair of Trust when signing cheques	£25000
Limit above which discrepancies revealed by the inventory check should be reported to the SSB/Trust Board:	£500
Limit above which receipts must be issued for cash received:	All cash
Value above which Governor/Trust Board approval is required before disposal of equipment:	£500

Petty Cash

Maximum amount that can be held:	£400
Maximum individual payment:	£50

APPENDIX 2 – Evaluation and Development Planning Cycle

Month	Academy	Local School Standards Board	Trust Finance team	Trust Finance & Audit C'ttee	Trust Board
Sept	<ul style="list-style-type: none"> Loads new year's budget onto system 		Ensure all year end invoices are correctly input on to system. Prepare audit file of year end information.		
Oct			<ul style="list-style-type: none"> Plans audit across member academies 		
Nov				Preparation of Trustees' Annual Report for inclusion in statutory accounts	
Dec	<ul style="list-style-type: none"> Prepares Nov period report 		<ul style="list-style-type: none"> Presents consolidated accounts for previous year Returns sent to ESFA Information Exchange 	<u>Committee meeting</u> <ul style="list-style-type: none"> Reviews Auditors letter to management Ratifies previous year's Trust accounts 	<u>Board meeting</u> <ul style="list-style-type: none"> VFM Statement Approves previous year's Trust Audited Accounts
Jan	<ul style="list-style-type: none"> Prepares Year To Date reports 	<u>SSB meeting</u> <ul style="list-style-type: none"> Reviews Year To Date report 	<ul style="list-style-type: none"> Accountants to prepare and submit Accounts Return to ESFA based on previous years statutory accounts. Ensure accounts, VFM and business interests are published on website by 31 January. 		
Feb	<ul style="list-style-type: none"> Prepares January period report 	<u>SSB meeting</u> Reviews Year To Date report	<ul style="list-style-type: none"> 	<u>Committee meeting</u> Reviews Year To Date report	
Mar	<ul style="list-style-type: none"> Prepares February period report 		<ul style="list-style-type: none"> End of Year Return LGPS submission by payroll provider 		<u>Board meeting</u> Notes Year To Date report

Month	Academy	Local School Standards Board	Trust Finance team	Trust Finance & Audit C'ttee	Trust Board
Apr	<ul style="list-style-type: none"> Prepares March period report 		<ul style="list-style-type: none"> Check Funding Allocations Preparation of budgets 		
May	<ul style="list-style-type: none"> Prepares April period report Prepares follow year's draft budget 	<u>LGB meeting</u> Agrees following year's draft budget	<ul style="list-style-type: none"> Prepares curriculum budget allocations (bids) Companies House Annual return (dependent on date Trust company formed) May 31st 		
Jun	<ul style="list-style-type: none"> Prepares May period report 		<ul style="list-style-type: none"> Prepares following year's Budget Forecast to ESFA Plan audit visits with accountants for October 	<u>Committee meeting</u> Ratifies following year's draft budget	<u>Board meeting</u> Approval of Budgets for next academic year Approves Trust and Academy Targets and Plans
Jul	<ul style="list-style-type: none"> Prepares June period report 		<ul style="list-style-type: none"> Submits following year's Budget Forecast to ESFA Teacher's Pension annual audit by accountants 		
August	<ul style="list-style-type: none"> 		<ul style="list-style-type: none"> Year End Procedures 		

APPENDIX 3

Password Control Procedures

Computer systems used in Trust schools are protected by password security to ensure that only authorised staff have access.

Network Passwords are changed three-monthly. The ICT Technician ensures that access is disabled immediately when staff leave. The system advises staff when they are required to change their passwords.

Graded passwords exist on Integris (the MIS) to provide different levels of access to ensure that no one has inappropriate access. It allows, for instance, a member of staff to read but not alter records. Password change is forced periodically on an automatic basis.

Back-up arrangements

Microsoft has signed up to the EU Safe Harbour agreement, meaning the service complies with EU regulations on where your students' personal data can be stored.

All the data is held in a 24-hour monitored primary data centre in Dublin, and customer data is always replicated to a geographically distinct data centre in the Netherlands for failover purposes. If the primary data centre ceases functioning for any reason, the application software and customer data running on that application software will also be available from the alternate data centre. Office 365 data centres are located in the Netherlands and Ireland.

The data is encrypted both at rest on Microsoft's servers and in-transit over the internet. You can easily get detailed information on who can access your data and when.

The ICT Technician carries out the twice-weekly back-up of the School network. The network is also hosted on two servers that mirror each other every 24 hours. One server is housed in the school office while the other sits in the ICT suite (at the opposite end of the school building). Each night the servers back up to each other so all data will be secure in the event of a fire. Back up is also carried out to an external hard drive which can be removed from the premises.