



# **Pennine Academies Yorkshire**

## **Financial Procedures Manual**

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Signed by:



Chair of Trustees

Date: 24.03.2021

## **1 Introduction**

The purpose of this manual is to ensure Pennine Academies Yorkshire maintains and develops systems of financial control which conforms 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 agreements with the Department for Education (DfE) / Education & Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the Education and Skills Funding Agency (ESFA), primarily the Academies Financial Handbook (AFH). This manual expands on that and provides detailed information on the Trust's accounting procedures and systems.

This policy should be read in conjunction with the following Trust policies and with individual academy financial procedure notes as appropriate.

- Anti-Fraud, Corruption and Bribery Policy
- Conflicts of Interest Policy
- Whistle Blowing Policy
- Reserves Policy
- Gifts and Hospitality Policy
- Code of Conduct Policy
- Staff and Trustee Expenses Policy
- Accounting Policy

This manual will be regularly reviewed and any changes will be approved by Trustees.

This manual applies to the Trust and to each individual academy. It should be read by all staff involved in financial transactions.

Instances of non-compliance with this policy will be reviewed by the Chief Financial Officer and if considered serious, will be reported to the Trustees.

## **2 Financial Responsibilities**

The key financial responsibilities within the Trust are outlined below:

### **The Board of Trustees**

The Board of Trustees has overall responsibility for the administration of the Trust's finances. The Board is responsible for managing the financial affairs of the Trust to ensure that the Trust's funds are used in accordance with charity law, company law, the funding agreement, and the Academies Financial Handbook. The Trustees are held to account by the Secretary of State, although the Board delegates certain powers to the Accounting Officer.

### **Finance, Audit and Risk Committee Functions**

The functions of the Finance, Audit and Risk Committee are performed by Trustees appointed by the Board. The Finance, Audit and Risk Committee will meet at least twice in each financial year.

To support them in this role the Board will commission a programme of internal assurance testing to be carried out by an external provider of internal auditor services. The Board receives internal assurance reports after audit testing each year.

The responsibilities of the Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. Staff employed by the Trust may remain in attendance when audit matters are discussed but will not participate as members. The Chair of the Finance, Audit and Risk Committee will not be the Chair of any other Committee.

### **The Accounting Officer**

The Trust has appointed the Chief Executive Headteacher as the Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with The Academies Financial Handbook, the Funding Agreements and all relevant aspects of company and charitable law.

### **The Chief Financial Officer**

The main responsibilities of the Chief Financial *Officer* are:

- 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
- implementation and operation of rigorous and robust audits and control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- ensuring the timely submission of external returns to the ESFA, DFE, HMRC and other stakeholders as required
- the preparation of regular management accounts

### **Other Finance Staff**

Finance Officers and School Business Partners play a key role in providing day to day support to the Chief Financial Officer.

### **Other Staff**

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

### **Register of Interests and Connected Parties**

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 members, Trustees, leadership team and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust MAY purchase goods or services. Close family relationships within the Trust are also declared as per the AFH requirements. The register is open to public inspection and is published on the website.

The existence of a register of business interests does not, of course, detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed at committee and is a standard item on every agenda. Where an interest has been declared, Trustees and staff should not attend that part of any meeting.

**Connected Party transactions will only be entered into within the restrictions of the AFH and will be subject to prior approval of the Board and ESFA as appropriate**

### **Gifts and Hospitality**

All personal gifts and hospitality received by Trustees and staff should be declared and recorded in line with the Trust's Gifts and Hospitality Policy. This minimises the risk of staff and Trustees being compromised by expectations of reciprocal benefits.

The Chief Financial Officer, Headteacher or Chief Executive Headteacher should be consulted before any such gifts or offers of hospitality are accepted. Where one of these staff members is involved they must consult one of the other nominated staff members.

In line with the Gifts and Hospitality policy, a register of all acceptances and refusals will be maintained.

## **Governance Information**

Key information regarding the governance structure must be kept up to date on the DfE 'Get Information About Schools' system and on Companies House. This is the responsibility of the Company Secretary.

## **3 Accounting System**

### **Accounting System**

#### **Key responsibilities of the Trust**

Establish and maintain the accounting system  
Determine the financial control procedures  
Determine user access rights  
Complete control account and reconciliation procedures

#### **Key responsibilities of each academy**

Process transactions in line with agreed procedures and authorisation limits  
Keep user access accounts secure and not share log-ins.

All the financial transactions of the Trust must be recorded on the finance system, P.S. Financials.

This system is operated by the central Trust Finance Team and consists of

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger
- Fixed Assets

#### **System Access**

Access to PSF is determined by the Chief Financial Officer. The Chief Financial Officer has access to amend the system, set up any controls *and determine* appropriate levels of access for users of the system.

User access to PSF is controlled through secure user accounts and passwords. It is the responsibility of all system users to keep their password secure. Access to the system is password protected with password changes automatically implemented on a regular basis.

A multi user licence is operated across the Trust. System access must ensure that there is adequate separation of duties in the process and that users may not initiate and approve transactions.

Approved users will be the Chief Financial Officer, Business Partners, Headteachers and office staff with finance responsibilities

Management accounts will be prepared on an accruals basis.

### **Back-up Procedures and Business Continuity**

PSF is a cloud-based system. PSF is responsible for back-up security of the system.

The Chief Financial Officer together with the Senior Leadership team will also prepare a Business Continuity Plan in the event of loss of accounting facilities or financial data. This must be included in the annual assessment made of the major risks to which the Trust is exposed.

### **Journal Processing**

All journal entries must be documented on the appropriate journal form and authorised in accordance with the authorisation limits and procedures. The Chief Financial Officer will approve all journals.

### **Reconciliations**

The Chief Financial Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

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

All un-reconciled items are reported in an exception report as part of the monthly process. All monthly reconciliations will be prepared by the Financial Accountant and reviewed and approved, in a timely manner, by the Chief Financial Officer. Email approval is permitted.

## **4 Financial Planning**

### **Financial Planning**

#### **Key responsibilities of the Trust**

Determine the overall financial strategy for the Trust

Oversight of the Trust Finances

Oversight of compliance with funding agreements and statutory responsibilities

Production of management accounts

Production of annual financial statements

### **Key responsibilities of each academy**

Budget management

Maintenance of accounting records in line with the procedures in this policy

### **Medium term financial plan**

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

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

### **Annual Budget**

The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the full Board.

The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that ESFA requirements regarding budget returns can be met.

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

The budgetary planning process will incorporate the following elements:

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

### **Balancing the Budget**

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

need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. The funding agreement allows for revenue reserves be carried forward without time limit.

### **Reserves**

The Trust will determine the appropriate level of reserves that will be prudent to hold and this will be considered as part of the annual and longer term budget setting. This is contained in a separate policy document and will be reviewed annually.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget *will* be prepared by the Chief Financial Officer and approved by Chief Executive Headteacher and then the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

### **Budget holders**

It is the responsibility of budget holders to take all reasonable steps to not exceed budget allocations.

### **Monitoring and Review**

Monthly reports will be prepared by the finance staff. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Chief Financial Officer, Budget holders, Heads of School and Chief Executive Headteacher. Termly information, including projected outturn position will be considered by the Trustees.

Any potential under or over spend against the budget must in the first instance be discussed with the Chief Financial Officer.

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

### **Budget Virements**

Virements up to 1% of revenue between budget headings may be approved by the Chief Financial Officer.

Virements over 1% of revenue, or which would have an impact on reserves must be approved by Trustees.

## **Write-offs**

Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge
- The likely expense of legal actions exceeds the likely recovery
- The debtor cannot be traced
- The debtor is unable to pay
- The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency

Any debt write-off will need to be approved by Trustees, with the exception of pupil related debts, which may be written off at the discretion of Headteacher, up to the value of £100. A written record of reasons for write off must be maintained.

The Board of Trustees may perform the following financial transactions up to the limits set out below:

- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the Trust)

The limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction
- Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction

## **Novel, contentious and repercussive transactions**

The ESFA defines novel payments as those in which the Trust has no experience or are outside the range of normal business activity for the Trust. Contentious payments are defined as those which might give rise to criticism of the Trust by the public or the media. Repercussive transactions are those which are likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

Novel, contentious or repercussive payments must always be referred to the ESFA for explicit prior authorisation. If there is any doubt about the propriety of a payment the Trust must ask the ESFA in advance.

## 5 Payroll

### Payroll

#### Key responsibilities of the Trust

Appoint all Executive and central Trust posts in line with HR policies.

Reconcile payroll control accounts and update the FMS.

Check and authorise payroll notifications from the payroll provider.

#### Key responsibilities of each academy

Heads of Academy to appoint all teaching and non-teaching staff in line with HR policies and within authorised establishment/budget as approved by the Board of Trustees.

Heads to ensure that any amendments notified by HR arising from Nationally Agreed Pay Awards (and their effective dates) are approved by Board of Trustees prior to implementation.

Payroll to await approval from the Board of Trustees to implement these pay awards.

All payroll payments to individual staff to be made by BACS, by the payroll provider. Payment is made on the 26<sup>th</sup> of each month.

The Academy Operations Manager or equivalent completes the payroll (overtime) return.

Heads of Academy are responsible for approving all overtime in advance.

The Academy Operations Manager notifies payroll amendments to the Trust payroll and HR provider and inform Chief Financial Officer.

The Head of Academy, Academy Business Partner and Operations Manager check the payroll run. This includes checking the overtime returns against payroll. Both the Business Partner and Headteacher must approve the payroll in writing/via email. The Business Partner notifies payroll of any errors.

Maintain HR files and records.

#### Staff Appointments

Headteachers have authority to appoint teaching staff (within the authorised establishment / budget for the academy subject to approval of the Board of Trustees)

The Chief Executive Headteacher has authority to appoint central Trust staff and Headteachers subject to the approval of the Trustees. Trustees must appoint the Chief Executive Headteacher.

Each academy and the central team maintain personnel files for all relevant members of staff. Contracts of employment are held by the HR provider.

#### Payroll Administration

All members of staff are paid monthly, in arrears by BACS transfer, on the 26<sup>th</sup> day of each month.

The Trust payroll processing is administered through a contractual arrangement with an external payroll provider. The payroll provider will also determine monthly payroll timetables for key processing dates, and these will be shared with relevant staff.

Each academy is responsible for notifying the payroll provider of sickness and other absences during the month. New appointments or terminations are completed on a monthly basis and authorised by the Headteacher or Chief Executive Headteacher before they are passed to the provider for processing.

Claims for overtime, additional hours and supply cover are manually recorded and approved by the signature of Headteacher or Chief Executive Headteacher. These amendments are then submitted to the payroll provider.

All submission forms for variances – changes, new starters are signed by the Business Partner and Headteacher.

Overtime is to be approved prior to the overtime being completed. No overtime will be paid if there is no agreement beforehand. The overtime can only be approved by the Headteacher.

The payroll provider processes the payroll and sends detailed staffing payment reports for approval. The reports are printed and reviewed by the appropriate Business Partner, all transactions are checked for reasonableness and detailed spot checks are also completed. The reports are then passed to the Headteacher or Chief Financial Officer for review and approval. Both the reviewer and the approver will sign the report to evidence these checks. Any amendments are notified to payroll by the Business Partner in preparation for the following payroll run. The Headteacher or Chief Financial Officer, will approve payment.

The payroll provider makes all payroll payments directly to employees (net pay) and external bodies for statutory and non-statutory deductions made.

After the payroll has been processed the nominal ledger will be updated by the Trust finance team. Postings will be made both to the payroll control account and to appropriate cost centres. The Chief Financial Officer 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.

Each academy is responsible for updating the local data base with all personnel and pay related data.

## **Mileage Claims**

Claims for mileage are made on the appropriate form and signed by the employee and approved by the Headteacher or Chief Executive Headteacher before payment.

NB if employees use their own vehicle for Trust business, they will be required to provide appropriate documentation to ensure that the vehicle:

- is insured for business purposes
- has a current MOT certificate (where applicable)
- Licence

The Business Partner for each academy will be responsible for maintaining a record of the checks carried out to verify these requirements, the central staff claims will be checked by the Chief Financial Officer.

Mileage claims by the Headteacher should be approved by the Chief Executive Headteacher. Claims by the Chief Executive Headteacher will be approved by Chair of the Trust.

## **Staff Severance Payments**

Non-contractual payments at the end of employment would only be paid if the Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed. All such payments must have received written advice from the Trust's Legal Advisors and Auditors. ESFA approval must always be sought when required under the terms of the Academies Financial handbook.

The Chief Executive Headteacher in conjunction with the Chair of Trust may approve non-contractual payments upto £50,000; the calculation of payments will be verified by the Chief Financial Officer to ensure compliance with the AFH. This may only be done in emergency. Standard practice is for the Board of Trustees to meet to approve any such payments.

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

## **6 Purchasing**

### **Purchasing**

#### **Key responsibilities of the Trust**

Manage all quotation and tendering procedures

Manage the supplier database

Prepare and manage VAT returns

**Key responsibilities of each academy**

Process transactions in line with agreed procedures and authorisation limits and the financial standards in this policy

Comply with competitive purchasing requirements

The Trust wants to achieve the best value for money from all its purchases. 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 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**

Budget holders will be informed of the budget available to them at 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. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder on a regular basis and on request.

**Leasing**

The Trust does not enter into any form of finance lease as a means of purchasing goods, as this is a form of borrowing. The Trust is not permitted to borrow. Operating leases are permitted. The Trust may occasionally enter into operating leases for the rental of equipment. All agreements are carefully reviewed and considered and approved by the Chief Financial Officer, taking advice from Trust Auditors.

**Authorisation Limits**

Authorisation Limits are set out in the Trust Authority Matrices for individual schools and the central trust in Appendix 2.

**Procurement Process**

Purchases across the whole Trust must be processed in accordance with the following financial standards:

- Official orders must be created for all purchases other than utility payments, payroll, purchasing card transactions, emergency repairs and those purchases controlled by a contract or agreement such as insurance etc.

- All orders must be made, or confirmed, in writing using an official order form produced by PSF. Requisitions must bear the signature of the budget holder and must be forwarded to the office where a check is carried out to ensure adequate budgetary provision exists before placing the order.
- Approved orders, signed as per authorisation limits, will be recorded in the purchase order module of PSF which will allocate an order number. Orders will be despatched by email.
- Incoming deliveries will be despatched to departments accordingly and the goods will be checked against the goods received note. Any discrepancies should be recorded and discussed with the supplier without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy finance staff should be notified.
- All signed goods received notes and invoices should be sent to the finance staff. Invoices will only be processed for payment if the order and invoice match in terms of value and quantity of goods/services. Any mismatches will be investigated by the finance team.
- Invoices will be authorised as per limits and invoices will then be authorised within the Academy, unless CEH approval is required.

On account purchases may be made by the Site Manager with approved suppliers and will be subject to prior approval by the Headteacher.

### **Payments**

A PSF report will be produced listing all invoices to be paid. The Chief Financial Officer will review the listing and will complete spot checks back to source documentation and raise any queries with the individual academy. The listing will be signed as evidence of this review.

The process and controls regarding payments are detailed in section 8 of this policy.

### **VAT**

It is the responsibility of the Financial Accountant to prepare the Trust VAT return across the whole Trust. The Chief Financial Officer will review all final VAT returns and submission to HMRC.

### **Supplier Master-file**

Changes to supplier bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid. Only the System Administrators can amend Supplier details. System Administrators are the Chief Financial Officer and Central Team Financial Accountant.

Each new or amended supplier bank account/payment details will be documented on a template form which will document the evidence received and the method of verifying this information. The form will be signed by the finance staff completing the checks and then passed to the Chief

Financial Officer, together with supporting documentation for authorisation prior to each payment run.

### **Competitive Purchasing Requirements and Limits**

**(The value of purchases is calculated as the value, excluding VAT, for the full duration of the contract including any extensions or options)**

#### **Orders up to £10,000**

In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Fixed prices should be obtained for all purchases before orders are placed. Value for money should be demonstrated.

#### **Orders over £10,000 but less than £50,000**

Three written quotations should be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made.

#### **Orders over £10,000 but less than £30,000**

All expenditure over £30,000 will be taken to Trustees for approval.

At least three written quotations should be obtained. A specification of requirements and evaluation criteria will be drawn up in advance. All potential contractors invited to submit quotations shall be provided in all instances with identical information and instructions. Quotes will be evaluated by more than one individual and a decision for recommendation to Trustees made.

If competitive quotes cannot be sought, a report will be taken for approval of the purchase, documenting the reasons why and how value for money has been otherwise assured

#### **Orders over £50,000 but less than EU Thresholds**

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures, detailed below, and will be managed by the Chief Financial Officer.

#### **EU Procurement Thresholds**

Purchases over £189,330 for supplies and services or £4,733,252 for works contracts (threshold from 1 January 2020) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. When the Trust is likely to award such contracts further legal guidance should be sought.

Procurement above EU Thresholds must be carried out in accordance with the appropriate **EU Procurement Directives**, which the UK enforces through the **Public Contract Regulations 2015**.

In the first instance existing EU compliant framework agreements established by public sector buying organisations will be explored and will be used where appropriate.

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Trustees before the procurement commences and progress will be monitored and reported to Trustees throughout the process. Where this is a procurement that is not from an existing framework this process is likely to draw on external procurement, technical and legal advice

### **Tendering Procedures (below EU Thresholds)**

Staff will refer to and follow the additional DfE guidance <https://www.gov.uk/guidance/buying-for-schools>

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The Trust must seek tenders on the most appropriate basis.

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.
- **Restricted Tender:** The Trust will normally invite at least four bidders. This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs
  - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust's requirements
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

### **Preparation for Tender**

Full consideration should be given to:

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

- form of contract

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. 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**

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.

An invitation to tender will normally be issued to at least four suppliers, and should include the following:

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

### **Aspects to Consider**

#### *Financial*

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

#### *Technical/Suitability*

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

### *Other Considerations*

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to commission a credit report.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted, unless the Chief Financial Officer and Chair of Trust are satisfied that the tender was posted or dispatched on time but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened.

### **Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders should be opened in the presence of the Chief Executive Headteacher/Chief Financial Officer/Chair of Trust (any two).

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 Evaluation Procedures**

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.

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.

Full records should be kept of all criteria used for evaluation for contracts over £50,000 and a report should be prepared for the Board highlighting the relevant issues and recommending a decision. The accepted tender should be the one that is economically most advantageous to the Trust. All parties should then be informed of the decision.

## **Non-competitive tenders (applies to purchases under EU threshold only)**

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require documenting and reporting for approval through the appropriate route depending on the value of the contract.

## **7 Income**

<p><b>Income</b></p> <p><b>Key responsibilities of the Trust</b></p> <p>Determine the financial control procedures Determine accounting treatment Process and reconcile income transactions</p> <p><b>Income</b></p> <p><b>Key responsibilities of each academy</b></p> <p>To receive and bank income in line with agreed procedures and meet the financial standards in this policy.</p>
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The main sources of income for the Trust are funding from the ESFA and local authorities. The receipt of these sums is monitored by the Chief Financial Officer.

Bids for capital and other additional funding are subject to the approval of the Chief Executive Headteacher and significant bids will be highlighted in advance with Trustees.

The Trust and individual academies also obtain income from:

- students, mainly for trips and meals and activities and school uniforms
- the public, mainly for lettings

### **Residential Trips**

Each academy must establish procedures to deal with income from trips. These procedures must ensure that:

- A lead teacher is responsible for each trip
- A record of students on each trip and payments made is maintained
- Any trips do not make a profit and pupils should not be disadvantaged by a lack of ability to pay

- All payments should be made electronically via Parent Pay.

### **Lettings & Hire of Facilities**

Each academy must establish procedures to deal with income from lettings. These procedures must ensure that;

- Adequate records are maintained of all bookings made
- Payment should be made in advance wherever possible
- Sales Ledger accounts are raised through PSF
- Debts will be monitored and promptly chased up
- Approval to write off debts must be obtained from Trustees

### **School Meals**

Each academy must establish procedures to deal with income from meals. These procedures must ensure that;

- Payments are adequately monitored and debts chased up
- Debts up to £100 can be written off at the discretion of the relevant Headteacher
- Income is reconciled against the number of meals provided including the hospitality meals provided and approved
- Each reconciliation must be documented and signed

### **Other Sales - School Uniforms etc**

Each academy must establish procedures to deal with income received. These must ensure that

- Records of stock held are maintained
- Stock is periodically counted and checked
- Income is reconciled against sales and stock records

### **Custody and Banking – General**

Each academy must establish procedures to deal with income banking. These procedures must ensure that:

- All cash and cheques must be kept in the safe prior to banking
- Safe key holders are identified and keys are held securely held
- Banking should take place weekly or more frequently if the sums collected exceed the RPA safe limit of £10,000
- Monies are collected through an externally provided secure collection service
- Monies collected must be banked in their entirety in the appropriate bank account
- Two members of staff must verify each banking
- Bankings must be reconciled to source records of income received
- Whenever possible income should be received electronically and not in cash.

## **Income Reconciliation**

The Academy finance team 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.

For direct bank receipts such as ESFA GAG payments etc, receipts should be checked against the funding schedules.

## **8 Cash Management**

### **Cash Management**

#### **Key responsibilities of the Trust**

Determine the financial control procedures

Manage cash deposits and investments in line with the policy

Reconcile bank accounts

Process payments through on-line banking

Monitor the Trust cash flow

#### **Key responsibilities of each academy**

Operate cash and bank procedures in line with this policy

### **Bank Accounts**

The opening of all accounts must be authorised by the Board of Trustees, via the Chief Financial Officer, who must set out 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**

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

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

### **Payments and withdrawals**

Cheques from Trust bank accounts must bear the signatures of two of the following authorised signatories:

Chief Executive Headteacher  
Headteacher or equivalent

Business Partner  
Chief Financial Officer  
Operations Manager

### **Lloyds Commercial Banking Online (CBO) - On-Line Banking System**

Access to the system is controlled via user accounts, passwords and smartcards. It is the responsibility of each individual to maintain security of their passwords and cards.

All payments made via Lloyds CBO are to be approved in accordance with the authorisation limits. The following staff are approved to upload payment schedules and authorise payments on the system:

Chief Executive Headteacher  
Chief Financial Officer  
Business Partner

At least two of the above are required to generate a payment. One user must generate the payment and one must authorise it. One user cannot perform both actions.

### **Bank Reconciliation**

The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed regularly. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to PSF
- adjustments arising are dealt with promptly
- The reconciliation statements will be prepared and signed by the Financial Accountant and reviewed and approved by the Chief Financial Officer

### **Petty Cash**

The Trust does not permit the use of Petty Cash.

### **Credit Cards**

The issue of specific Trust Credit Cards has been approved by Trustees.

New credit cards will be approved by the Chief Financial Officer and the Accounting Officer and reported to Trustees.

Academies will establish procedures to deal with credit cards usage. These procedures ensure that;

- Cards are stored safely
- Requests for new cards are made through the Chief Financial Officer
- Cards are only used for academy business
- Cards are held securely by card holders, PINs kept secure not shared etc.
- Supporting documentation is held for all transactions

- Statements must be approved by either the Chief Financial Officer or the Accounting Officer (the Chair of Trust will approve the Accounting Officers statement).
- Records of the reconciliation and approval are maintained
- Each user must have signed a Trust User Agreement

### **Cash Flow Forecasts**

The Chief Financial Officer is responsible for the completion of 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. Similarly plans should be made to transfer funds to re-profile income and expenditure to cover potential cash shortages.

### **Investments and Cash Deposits**

Investments may only be made in accordance with the Investment Policy approved by the Board of Trustees.

## **9 Fixed assets**

### **Fixed Assets**

#### **Key responsibilities of the Trust**

Determine the financial control procedures

Determine accounting treatment

#### **Key responsibilities of each academy**

Maintain adequate security over assets as per the policy

Maintain asset register and inventory lists

Perform asset checks

### **Asset register**

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in the asset register on FPS.

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
- the external auditors to draw conclusions on the annual accounts and the Trust's financial system

- to support insurance claims in the event of fire, theft, vandalism or other disasters

### **Inventory of Assets**

In addition, a record of all material (over £200) non-capitalised, attractive, portable assets will be maintained and security controls operated in order to safeguard the Trust's property.

### **Security of assets**

All fixed assets are to be recorded. The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by the Trust should be recorded as such. Physical counts against the register are undertaken annually at or about the end of the financial year. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

### **Disposals**

All requests for disposal must be submitted to the Chief Financial Officer for review and then approved by the Board of Trustees, in line with the Assets and Disposal Policy. The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are detailed in the Assets and Disposal Policy.

### **Disposal Limits**

Disposal of land and buildings must be agreed in advance with the Secretary of State.

### **Loan of Assets**

Items of Trust property must not be removed from the premises without the authority of a member of the individual academies' senior leadership team. A record of the loan must be recorded in a loan book and booked back in when it is returned.

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. Sign Off**

Approved By (print name):	Nick Briggs
Role Title:	Chair of Trustees
Signature:	
Date:	24 March 2021

## Appendix 1

This form is to be used if Supplier details need to be updated or if a new supplier needs to be added onto XXXXX

Supplier Ref:	<input type="text"/> <i>*If already on XXXXX</i>
Company name:	
Address:	
Postcode:	
Telephone No.:	
Email address (general):	
Email address (remittances):	
VAT No:	

Supplier Details:

### Supplier Bank Details:

Account Name:	
Account No:	
Sort Code:	

**Any further details:**

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Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_/\_\_/\_\_

*Please attach evidence of the requested changes*

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**Changes Actioned by:**

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_/\_\_/\_\_

Appendix 2

<b>Authorisation Matrix - Schools</b> (Applies to all transactions that are included in the Schools Budget. Any Transactions outside the Schools Budget must be approved by CEO/CFO and the Board).					
Transaction Type	Transaction Description	Contract/Order Value Limit (Excl VAT)	Authorisation Required		
			First Level	Second Level	Third level
<b>Purchasing - Capital Items</b>	Land and Buildings	Any Value	CEH and CFO	Board	ESFA
	Property Leases	Any Value	CEH and CFO	Board	ESFA
	Leasehold Improvements	Less than £5,000	HT and BP		
	Leasehold Improvements	£5,001 - £30,000	HT and BP	CEH and CFO	
	Leasehold Improvements	+£30,000	HT and BP	CEH and CFO	Board
	Furniture and Equipment (non IT)	Less than £5,000	Budgetholder		
	Furniture and Equipment (non IT)	£5,001 - £10,000	HT and BP		
	Furniture and Equipment (non IT)	£10,001 - £30,000	HT and BP	CEH and CFO	
	Furniture and Equipment (non IT)	+£30,000	HT and BP	CEH and CFO	Board
	IT Equipment and systems	Less than £5,000	IT Manager		
<b>Purchasing - Supplies &amp; Services (Non IT)</b>	IT Equipment and systems	£5001 - £30,000	IT Manager	CEH and CFO	
	IT Equipment and systems	+£30,000	IT Manager	CEH and CFO	Board
	Opearting Leases	Any Value	HT and BP	CFO	
	Term Contract for Supplies and Services	Less than £10,000	HT and BP		
	Term Contract for Supplies and Services	£10,001 - £30,000	HT and BP	CEH and CFO	
	Term Contract for Supplies and Services	+£30,000	HT and BP	CEH and CFO	Board
	Non term contract Supplies and Services	Less than £5,000	Budgetholder		
	Non term contract Supplies and Services	£5,001 - £25,000	HT and BP		
	Non term contract Supplies and Services	£25,001 - £30,000	HT and BP	CEH and CFO	
	Non term contract Supplies and Services	+£30,000	HT and BP	CEH and CFO	Board
<b>Purchasing - IT Supplies &amp; Services</b>	Term Contract for Supplies and Services	Less than £5,000	IT Manager		
	Term Contract for Supplies and Services	£5001 - £30,000	IT Manager	CEH and CFO	
	Term Contract for Supplies and Services	+£30,000	IT Manager	CEH and CFO	Board
	Non term contract Supplies and Services	Less than £5,000	IT Manager		
	Non term contract Supplies and Services	£5,000 - £30,000	IT Manager	CEH and CFO	
<b>Staffing</b>	Non term contract Supplies and Services	+£30,000	IT Manager	CEH and CFO	Board
	Staff Appointment (excl HeadTeacher)	Within Budget	HT and BP		
	Staff Appointment (excl HeadTeacher)	Outside budget	HT and BP	CEH and CFO	Board
	HeadTeacher Appointment	Benchmarked	CEO/CFO	Board	
	Agency Staff	Less than £5,000	HT and BP		
	Agency Staff	+£5,000	HT and BP	CEH and CFO	
	Staff Overtime	Less than £500	HT and BP		
	Staff Overtime	+£500	HT and BP	CEH and CFO	
	Staff Expenses	Less than £500	HT and BP		
	Staff Expenses	+£500	HT and BP	CEH and CFO	
	Staff Severance Payments - Contractual	Upto £30,000	HT and BP	CEH and CFO	
	Staff Severance Payments - Contractual	+£30,000	HT and BP	CEH and CFO	Board
Staff Severance Payments - Non Contractual	Upto £50,000	HT and BP	CEH and CFO	Board	
Staff Severance Payments - Non Contractual	+£50,000	CEO/CFO	Board	ESFA	
<b>Insurance</b>	Staff Absence Insurance	Within Budget	HT and BP		
	Motor Vehicle Insurance	Within Budget	HT and BP		
	All other Insurance	Any Value	CFO	Board	
<b>Loans and Finance</b>	Loans	Any Value	CEO/CFO	Board	ESFA
	New Bank Accounts	N/A	CEO/CFO	Board	
	Finance Leases	Any Value	CEO/CFO	Board	ESFA
<b>Payments - Goods and Services</b>	BACS	Upto £500,000	BP and CFO		
	Cheques	Any Value	2 approved cheque signatories		
	New Procurement Cards	N/A	CFO	CEH	
	Standing Orders and Direct Debits	Any Value	2 approved cheque signatories		
<b>Suppliers</b>	New Suppliers	Less than £5,000	BP		
	New Suppliers	+£5,000	BP	CFO	
<b>Schools Budgets and Forecasts</b>	Annual Budget	Target Surplus	HT and BP	CEH and CFO	Board
	Reforecast	= or > Budget	HT and BP	CEH and CFO	Board
	Three Year Plan	Target Surplus	HT and BP	CEH and CFO	Board

Authorisation Matrix - Central MAT	(Applies to all transactions that are included in the Trust's Budget. Any Transactions outside the Trust's Budget must be approved by the Board).				
Transaction Type	Transaction Description	Contract/Order Value Limit (Excl VAT)	Authorisation Required		
			First Level	Second Level	Third level
<b>Purchasing - Capital Items</b>	Land and Buildings	Any Value	CEH and CFO	Board	ESFA
	Property Leases	Any Value	CEH and CFO	Board	ESFA
	Leasehold Improvements	Less than £30,000	BP and CFO	CEH	
	Leasehold Improvements	+£30,000	BP and CFO	CEH	Board
	Furniture and Equipment (non IT)	Less than £10,000	BP and CFO		
	Furniture and Equipment (non IT)	£10,001 - £30,000	BP and CFO	CEH	
	Furniture and Equipment (non IT)	+£30,000	BP and CFO	CEH	Board
	IT Equipment and systems	Less than £5,000	IT Manager		
	IT Equipment and systems	£5001 - £30,000	IT Mgr and CFO	CEH	
IT Equipment and systems	+£30,000	IT Mgr and CFO	CEH	Board	
<b>Purchasing - Supplies &amp; Services (Non IT)</b>	Operating Leases	Any Value	BP	CFO	
	Term Contract for Supplies and Services	Less than £10,000	BP and CFO		
	Term Contract for Supplies and Services	£10,001 - £30,000	BP and CFO	CEH	
	Term Contract for Supplies and Services	+£30,000	BP and CFO	CEH	Board
	Non term contract Supplies and Services	Less than £5,000	CFO		
	Non term contract Supplies and Services	£5,001 - £25,000	BP and CFO		
	Non term contract Supplies and Services	£25,001 - £30,000	BP and CFO	CEH	
Non term contract Supplies and Services	+£30,000	BP and CFO	CEH	Board	
<b>Purchasing - IT Supplies &amp; Services</b>	Term Contract for Supplies and Services	Less than £5,000	IT Manager		
	Term Contract for Supplies and Services	£5001 - £30,000	IT Mgr and CFO	CEH	
	Term Contract for Supplies and Services	+£30,000	IT Mgr and CFO	CEH	Board
	Non term contract Supplies and Services	Less than £5,000	IT Manager		
	Non term contract Supplies and Services	£5,000 - £30,000	IT Mgr and CFO	CEH	
Non term contract Supplies and Services	+£30,000	IT Mgr and CFO	CEH	Board	
<b>Staffing</b>	Staff Appointment (Excl CEO)	Within Budget	CFO		
	Staff Appointment (Excl CEO)	Outside budget	CFO	CEH	Board
	CEO Appointment	Benchmarked	Board		
	Agency Staff	Less than £5,000	CFO		
	Agency Staff	+£5,000	CFO	CEH	
	Staff Overtime	Less than £500	CFO		
	Staff Overtime	+£500	CFO	CEH	
	Staff Expenses	Less than £500	CFO		
	Staff Expenses	+£500	CFO	CEH	
	Staff Severance Payments - Contractual	Upto £30,000	CFO and BP	CEH	
	Staff Severance Payments - Contractual	+£30,000	CFO and BP	CEH	Board
	Staff Severance Payments - Non Contractual	Up to £50,000	CFO and BP	CEH	Board
	Staff Severance Payments - Non Contractual	+£50,000	CEO/CFO	Board	ESFA
<b>Insurance</b>	Cover for the Trust (excl staff absence and MV)	Any Value	CFO	Board	
<b>Loans and Finance</b>	Loans	Any Value	CEO/CFO	Board	ESFA
	New Bank Accounts	N/A	CEO/CFO	Board	
	Finance Leases	Any Value	CEO/CFO	Board	ESFA
<b>Payments - Goods and Services</b>	BACS	Upto £500,000	BP and CFO		
	Cheques	Any Value	2 approved cheque signatories		
	New Procurement Cards	N/A	CFO	CEH	
	Standing Orders and Direct Debits	Any Value	2 approved cheque signatories		
<b>Suppliers</b>	New Suppliers	Less than £5,000	BP		
	New Suppliers	+£5000	BP	CFO	
<b>Central MAT Budgets and Forecasts</b>	Annual Budget	Target Surplus	CFO and BP	CEH	Board
	Reforecast	= or > Budget	CFO and BP	CEH	Board
	Three Year Plan	Target Surplus	CFO and BP	CEH	Board