



# PRINCE REGENT

## STREET TRUST

# Finance Policy

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## 1. Introduction

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

The Academy must comply with the principles of financial control outlined in the academies guidance published by the DfE and the Education Funding Agency (EFA), primarily, the **Academies Financial Handbook**. This manual expands on that and provides detailed information on the Trust's accounting procedures and system manual should be read by all staff involved with financial systems.

This should be read in conjunction with the following Academy Trust documents:

Anti-Fraud, Corruption and Bribery Policy  
Assets and Disposal Policy  
Confidential Reporting Policy (Whistleblowing)  
Treasury Management and Investment Policy  
Risk Management Policy  
Gifts and Hospitality Policy  
Reserves Policy

This policy will be regularly reviewed and any must be approved by Trustees. This policy applies to the Trust and to all individual academies. This policy should be read by all staff involved in financial transactions. Instances of non-compliance with this policy will be reviewed by the Chief Financial & Operations Officer and may be reported to the Board.

## 2. Organisation

The Academy Trust has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff.

### 2.1 The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the Trusts finances.

The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended
- approval of the annual budget
- appointment of the CEO



## **2.2 The Finance and Audit Committee**

The Finance and Audit Committee is a committee of the Board of Trustees. The Finance and Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary. The Finance and Audit Committee also fulfils the responsibilities of an audit committee.

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Company Law and the EFA guidance issued to academies;
- authorising the award of contracts over £75,000;
- approving budget virements over £35,000;
- authorising changes to the Academy Trust personnel establishment; and
- reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees.

## **2.3 Internal Assurance Service**

To support them in their role, the Finance and Audit Committee commissions a programme of internal assurance testing to be carried out by, Azets, the internal auditors. The committee receives internal assurance reports after audit testing throughout the year and also after the year end statutory accounts are prepared and audited by Clive Owen, the external auditors.

The main duties of the service are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board of 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; and
- financial considerations are fully considered when reaching decisions.

## **2.4 The Accounting Officer**

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

The accounting officer has the responsibility for:



- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
- authorising contracts and orders up to £75,000; and
- signing cheques and approving electronic payments in conjunction with other authorised signatory - two signatories are required on all payments.

## **2.5 The Chief Financial & Operations Officer**

The Trust have appointed a Chief Finance & Operations Officer. The main responsibilities of the Chief Financial & Operations Officer (CFOO) 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; and
- the preparation of monthly and annual management accounts.

## **2.6 Other Staff**

Other members of staff, primarily the Admin staff and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy 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 Academy Trust's financial procedures.

## **2.7 Register of Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, local governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection and will be published on the Trust web-site.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

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 by the Board of Trustees or a Committee. Where an interest has been declared, Trustees and staff should not attend that part of any committee or other meeting.



The outsourced governor support will maintain the Register of Business Interests and will ensure that declarations are updated on at least an annual basis.

## **2.8 Related Party Transactions**

The Trust will ensure that any 'related party' transactions entered into are on a 'not for profit' basis that satisfies the requirements of the Academies Financial Handbook.

# **3. Accounting System**

All the financial transactions of the Trust must be recorded on the Financial Management System.

## **3.1 System Access**

Access to the Finance Management System is password protected and controlled through unique user accounts. Appropriate levels of access for each user will be determined and password are to be kept secure and regularly changed. System access must ensure that there is adequate separation of duties in the process.

## **3.2 Back-up Procedures**

The Trust will ensure that the Finance Management System is backed up in a separate building and disaster recovery procedures are in place.

## **3.3 Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

The detailed procedures for the operation of the purchase ledger and the sales ledger are included in the following sections of the manual and detailed information on the operation of the system can be found in the user manuals.

Non-routine Journals, such as one off virements, must be documented and authorised by the relevant authority, based on Trust approval levels, prior to being input into the Financial Management System, and the system-generated reference should be recorded on all documentation.

Bank transactions, such as local income, i.e., Parent Pay or Self-Generated funds/sales invoices, should be processed by the Senior Administrator and checked by the CFOO during the month-end procedures. Any amendments made by the CFOO should be shared with the administrators so they can update their records and avoid repeated amendments being required.



### 3.4 Reconciliations

The CFOO 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

Any unusual or long outstanding reconciling items must be brought to the attention of the CEO. The CFOO will notarise the management accounts, shared on a monthly basis, with any on-going reconciliation queries and inform with a plan for resolution.

## 4. Financial Planning

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

The medium-term financial plan is prepared as part of the strategic business planning process. The strategic business 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 strategic business 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 strategic business planning process and the budgetary process are described in more detail below.

### 4.1 Strategic Business Plan

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

The form and content of the strategic business plan are matters for the trust to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.

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

- A review of past activities, aims and objectives - "Did we get it right?"
- Definition or redefinition of aims and objectives – "Are the aims still relevant?"



- Development of the plan and associated budgets – “How do we go forward?”
- Implementation, monitoring and review of the plan – “Who needs to do what by when to make the plan work and keep it on course?”
- Feedback into the next planning cycle – “What worked successfully and how can we improve?”

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

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

## **4.2 Annual Budget**

The CFOO is responsible for preparing and obtaining approval for the annual budget.

The budget must be approved by the CEO, the Finance and Audit Committee and the Board of Trustees.

The CFOO is responsible for ensuring that budget deadlines from the ESFA are met and timetable are established around those deadlines.

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

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
- review of other income sources available to the Trust to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Trust cost base;
- identification of potential efficiency savings; and
- 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.

## **4.3 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.

#### **4.4 Finalising the Budget**

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

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.

#### **4.5 Monitoring and Review**

Monthly Management Accounts will be prepared by the CFOO. The reports will detail actual income and expenditure against budget both for each entity of the Trust and a summary of the whole Trust for the CEO and Trustees.

Any potential underspend or overspend identified in the budget by Heads or Senior Administrators must in the first instance be discussed with the CFOO and/or CEO.

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 significant budget overspend is forecast, it may be appropriate to vire from reserves. Budget virements over £20k must be authorised by the Finance and Audit Committee. It is not necessary to vire money if it is possible to reallocate funds from within the approved budget.

## **5. Payroll**

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments.

### **5.1 Staff Appointments**



The Board of Trustees has approved a personnel establishment for the Trust. New posts and significant changes can only be made to this establishment with the express approval in the first instance of the Finance and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment with the exception of leadership positions whose appointments must follow consultation with the Trustees. The administrators maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing immediately.

Prior to all new and replacement staffing recruitment, each school should complete a recruitment form which gives details of the post, why it is needed, hours and pay-scale. This should be costed by the CFOO and the passed for approval by the CEO. Headteacher and other leadership post recruitment should be approved by the Finance Committee before going ahead.

## **5.2 Payroll Administration**

The Trust has outsourced its payroll processing to Xentrall Shared Services.

Xentrall have a contractual obligation to process transactions in line with the agreed service specification and to meet all statutory requirements. They are responsible for making monthly net salary payments to all staff and for paying all statutory and other third-party deductions. All salary payments are made by BACS.

Variations to salary are authorised as follows:

- Contractual amendments/variations - by the Head Teachers/CEO/CFOO
- Overtime - by the line manager and then the Head Teachers/CEO
- Supply staffing - by the line manager and then the Head Teachers/CEO

All authorised variations are then passed to the school administrator for processing.

After the payroll has been processed but before payments are dispatched a proposed payments listing is received from Xentrall and the Head Teacher and Administrator will review and give approval for payments to be made. The administrator will verify that all leavers, starters and significant variations have been correctly processed and will carry out an overall review to test for 'reasonableness' against the previous month's totals and will raise any queries with Xentrall before payments are generated.

The administrator will sign to evidence this review and the report will then be authorised by the Headteacher, CEO or CFOO.

Xentrall will submit a breakdown for the total payroll value, which will be checked and the Academy will process a BACS payment in line with the processes outlined in this manual.



After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The CFOO should review the payroll control account each month to ensure the correct amount has been posted.

### **5.3 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.

The Headteacher in conjunction with the Chair of the Board may approve non-contractual payments up to £50,000.

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

### **5.4 Staff Expenses**

Staff expenses such as mileage should be signed off by the Headteacher, CFOO, CEO or Chair of the Board as applicable, before being processed within the Financial Management System PS Financials.

Mileage can be claimed at the appropriate HMRC rate per mile, claims should be made to & from the shorter distance of either their main place of work or the actual destination. Example below;

Travelled, Home – Course – Home = 15 miles

However, School – Course – School = 10 miles

10-mile journey should be claimed.

Non-mileage expenses, such as reimbursement of purchases should be minimal as staff should requisition all goods and services through the School Administrators. All non-mileage expenses should follow the usual purchasing procedures and authorisation limits.

Any reimbursements require a full receipt, VAT receipt – if applicable, and not a card/transaction receipt. It is expected that these will be restricted to 'Emergency Purchases'. Not providing all the detail required will result in a delay in payment. Misuse will result in no payment being made as it was not approved by the Trust and does not fall within our policies.

## **6. Purchasing**

The Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible.



A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity** - it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy Trust.
- **Accountability** - the Academy Trust is publicly accountable for its expenditure and the conduct of its affairs.
- **Fairness** - that all those dealt with by the Academy Trust are dealt with on a fair and equitable basis.

## 6.1 Supplier master file

The supplier master file on the Financial Management System will be controlled and managed by the CFOO and the Senior Administrators.

Changes to suppliers, including bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid. Validations should be made by a different method to which the variations were received, i.e., emailed instructions should be checked with a contact or account manager over the phone. This should increase the accuracy of information and reduce the opportunities for fraudulent activity.

Each new or amended supplier bank account/payment details will be documented on a template form (see Appendix 1), this will document the evidence received and the method of verifying this information. The administrator completing the checks will sign the form and this will be checked by the CFOO who will also check the entry in Financial Management System and then sign the report as evidence of this review.

## 6.2 Purchasing Procedures - Orders

Routine purchasing will be controlled through a formal system of ordering. A fixed price or quotation must always be obtained before any order is placed.

All orders must be approved by the Headteacher, CEO or CFOO. Where Headteachers delegate budgets to members of staff, they must inform Senior Administrators and CFOO once the budget is confirmed. The maximum purchase approved by a delegated member of staff is £500. Approvals can be made either by way of signed paper document or email confirmation before being passed to the administrator for processing.

- Orders/invoices of new supplies or services up to £500 can be delegated to staff by the Headteacher.
- Orders/invoices of new supplies or services up to £1,000 must be approved by the Headteacher.
- Orders/invoices for renewed supplies or services up to £5,000 must be approved by the Headteacher.
- Orders/invoices above £5,000 but less than £50,000 must be approved by the Headteacher and the CFOO.



- Orders/invoices above £50,000 but less than £75,000 must be approved by the CFOO and the CEO.
- Orders/invoices above £75,000 needs Finance and Audit Committee approval.
- All contracts or licences, irrelevant of value, need to be approved by the CFOO and CEO.

The administrator will check that the requisition is correctly approved and will raise an official order on Financial Management System.

The requisitioner must make appropriate arrangements for the delivery of goods to the Academy. On receipt, the budget holder or administrator must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the administrator should be notified.

All invoices received will be matched against the order and the GRN and the quantity and value of goods will be checked.

The administrators will then enter the invoice onto Financial Management System and stamp invoices with a grid against which the following can be evidenced:

- Date entered
- System reference number
- Expenditure code

Invoices will then be uploaded onto the Financial Management System.

All invoices are approved using the same thresholds as above for ordering.

Payment runs are generated on a regular basis, circa fortnightly, based upon supplier terms and invoice due dates unless payments need to be made due sooner due to special circumstances e.g. school holidays. The CFOO will generate a Financial Management System payment run and the report will be printed, checked and verified by the CFOO and the CEO.

Payments will then be generated, either through BACS or cheque in line with the procedures and controls detailed in Section 8 of this manual.

### **6.3 (Non-Order) Purchasing for Contracted Services and Periodical Payments**

There are certain services, which for practical purpose cannot be ordered and processed in the above manner. Nevertheless, they are still subject to internal control processes.



Examples of such services are emergency supplies, trips and utilities. There will also be some ad hoc services which do not, or it is not possible to create a purchase order, such as counselling services and licence renewals. The Trust tries to stick to a basic principle that if they know what the invoiced cost will be more than 24hrs of a required date, then a purchase order is required. However, if it is not possible to obtain this information within reasonable expectation then they can be processed as a non-order invoice.

In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice. These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

Purchases made on the school charge cards do not require a purchase order, however, they must follow the requisition process of orders prior to purchase and all statements must be signed and authorised each month, confirming that purchases are valid. Credit cards should be used only in exceptional situations or situations where it is not possible to raise a Purchase Order, for example, supermarket purchases, and not as a method of avoiding Trust purchases procedure.

#### **6.4 Emergency Purchases**

From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases retrospective approval is accepted, however, it must detail requirement and why the usual procedures could not be followed.

#### **6.5 Competitive Purchasing Requirements**

(All financial values quoted are net of VAT and apply to the total value over the life of the contract)

##### **6.5.1 Spend under £1,000**

Value for money should always be considered but no formal competitive quotes are required for spend under £1,000.

Established national framework arrangements will be used wherever appropriate, and firm prices must be obtained before commitment to purchase is made.

##### **6.5.2 Spend over £1,000 but less than £5,000**

At least one written quotation should be obtained for all orders between £1,000 and £5,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Consideration needs to be made as to whether purchase would be a capital or revenue acquisition and funding drawn from appropriate budgets.

##### **6.5.3 Spend over £5,000 but less than £10,000**



At least two written quotations should be obtained for all orders between £5,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Consideration needs to be made as to whether purchase would be a capital or revenue acquisition and funding drawn from appropriate budgets.

#### **6.5.4 Spend over £10,000 but less than £30,000**

At least three written quotations should be obtained for all orders between £10,000 and £30,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained for audit purposes. Consideration needs to be made as to whether purchase would be a capital or revenue acquisition and funding drawn from appropriate budgets. Renewals of essential or core systems in the Trust must be tested for market value, however, do not require a full procurement/quotation exercise if the decision is made that staying with the current provider would be the best value to the Trust.

#### **6.5.5 Spend over £30,000 but less than £75,000**

An outline specification of the services required should be prepared and at least three written quotations should be obtained. The quotes should be evaluated against pre-determined objective criteria. Full records should be kept of the evaluation and a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. Consideration needs to be made as to whether purchase would be a capital or revenue acquisition and funding drawn from appropriate budgets. Renewals of essential or core systems in the Trust must be tested for market value, however, do not require a full procurement/quotation exercise if the decision is made that staying with the current provider would be the best value to the Trust.

#### **6.5.6 Spend over £75,000**

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 a formal tendering process.

Purchases at or over the UK Procurement threshold of £138,760 (including VAT) require advertising in the Find a Tender Service at: <https://www.find-tender.service.gov.uk/>

The new UK thresholds (inclusive of VAT) applying from 1 January 2022 are:

- Supplies and Services           £213,477
- Lighter Touch Services       £663,540
- Works                               £5,336,937

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.



Consideration needs to be made as to whether purchase would be a capital or revenue acquisition and funding drawn from appropriate budgets.

### **6.5.7 References**

<https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools/buying-things-that-are-over-the-eu-procurement-threshold>  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1041964/Procurement\\_Policy\\_Note\\_10\\_21\\_-\\_New\\_Thresholds\\_Values\\_and\\_Inclusion\\_of\\_VAT\\_in\\_Contract\\_Estimates.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041964/Procurement_Policy_Note_10_21_-_New_Thresholds_Values_and_Inclusion_of_VAT_in_Contract_Estimates.pdf)

### **6.6 Legal Advice**

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

### **6.7 Specialist Advisor**

Where a specialist advisor, e.g. architect, project manager, is appointed to act as an agent on behalf of the trust, the Board may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency.

A report would be presented to the Finance and Audit Committee by the advisor with a recommendation for the award of the tender, including the scoring process and details of all other submissions. The final decision will be made by the committee in line with all other contracts exceeding £75,000.

### **6.8 Non-competitive purchases (applies to purchases under UK 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 prior approval by Finance and Audit Committee and evidence of this decision will be held on file.

### **6.9 Forms of Tenders**

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

Staff will also refer to and follow the additional DfE guidance:

<https://www.gov.uk/guidance/buying-for-schools>

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



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

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

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

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

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

### **Preparation for Tender**

Full consideration should be given to:

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

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. The Trust would normally invite at least four tenders.

If an open tender is used, an invitation to tender may be issued in response to an initial enquiry.

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;
- Relevant experience of the contractor;
- Descriptions of technical and service facilities;
- Certificates of quality/conformity with standards;
- Quality control procedures; and
- 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**

The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. 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**

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

For contracts over £75,000 - either the CFOO, Headteacher, CEO plus a member of the Finance and Audit Committee.

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**

The award of the tender must be approved by the Finance and Audit Committee.

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

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

## **7. Income**

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

The Trust also obtains income from:

- pupils, for trips, visits, school meals and misc. sales.
- the local authority, mainly for nursery funding and specialist SEND.

### **7.1 Trips**

All trip money should be collected either through ParentPay accounts or parents can pay at school reception using debit/credit card machine.

### **7.2 School Meals**

All meal income is collected either through ParentPay accounts or parents can pay at school reception via cash or debit/credit card machine.

### **7.3 Bad Debts**

The Trust will make appropriate efforts to collect any outstanding debts, and will consider legal action where it would be economically efficient.

No debts should be written off without the express approval of the Board of Trustees, with the exception of pupil related debts up to the value of £100, which may be written off at the discretion of the Headteacher and the reasons for write-off clearly documented (the ESFAs prior approval is also required if debts to be written off are above the value set out in the Academies Financial Handbook).

### **7.4 Custody**



All cash and cheques must be kept in the safe prior to banking. Banking should take place every week or as needed and cash held should never exceed the cash insurance limit on the safe.

## **7.5 Cash**

All schools in Trust are now cash free.

# **8. Cash Management**

## **8.1 Bank Account 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.

## **8.2 Payments and withdrawals**

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

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

## **8.3 On-Line Banking**

Access to the Trust's bank accounts is available through Lloyds Corporate Banking software. Appropriate access rights to the Lloyds Corporate Banking system are determined by the CEO. Access is controlled by user ID and password security administered by Lloyds.

## **8.4 On-Line Payments**

Payments by bank transfer, BACS or CHAPs can be generated through Lloyds Corporate Banking system. All payments require authorisation by two of the bank signatories. Authorisation access is controlled by smartcards and passwords. The CFOO and the Administrator can generate payment files subject to subsequent authorisation.

## **8.5 Bank Signatories**

**Lloyds Link authorisers:**

- CEO
- CFOO



### **Cheque signatories:**

- CEO
- CFOO
- Headteacher
- Deputy Headteacher

All cheques and all on-line payments need approval from two of the above.

### **8.6 Administration**

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

- all bank accounts are reconciled to the Trust's cash book;
- reconciliations are prepared by the CFOO;
- adjustments arising are dealt with promptly.

### **8.7 Purchasing Cards**

The Academy Trust has five purchasing cards. Each school has one card with a limit of £1,000. The CEO also has a Trust card with a limit of £10,000. Cards are only to be used when it is the most efficient and appropriate method of payment for official trust purchases, i.e. on-line transactions, travelling etc. Supporting documentation must be held for all transactions. Each purchasing card statement must be promptly reconciled against the supporting documents and this reconciliation must be approved by the Headteacher. The supporting documents will be retained.

All purchases made through the school charge cards need authorisation prior to purchase and all statements must be signed and authorised each month, confirming purchases are valid.

### **8.8 Cash Flow Forecasts**

The CFOO 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 in accordance with the Investment Policy.

### **8.9 Investments**

Investments must be made only in accordance with the Investment Policy approved by the Board of Trustees, through the Finance and Audit Committee.

## **9. Fixed assets**



## 9.1 Asset register

All items purchased with a value over the capitalisation threshold (£1,000) must be entered in an asset register. The asset register should include the following information:

- asset description
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value
- location

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.

## 9.2 Inventory of assets

All the items in the register and other inventories should be permanently marked as the Trust's property and there should be a regular (at least annual) count. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees.

## 9.3 Disposals

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

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

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

## 9.4 Loan of Assets

Items of Trust property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in Academy 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.



# Appendix 1

## Authorisation of new supplier set up/bank account changes.

Supplier Reference No.....

Supplier Name.....

Existing Bank details (if applicable)

Sort Code .....Account Code.....

New Bank Details

Sort Code.....Account Code.....

Details of initial request received from supplier (attached)

.....  
.....  
.....

Details of confirmation with supplier/verification carried out – phone call, e-mail

.....  
.....  
.....

Confirmation verified by.....

Master file amended by.....

Approved by.....

