



**NEWMAN**  
**CATHOLIC TRUST**  
HEART SPEAKS TO HEART

**The Cardinal  
Newman Catholic  
Educational Trust**

**Financial Regulations Manual**

## Financial Regulations Manual

### Document Summary

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# Contents

1. Introduction
2. Organisation
3. Accounting System
4. Financial Planning
5. Payroll
6. Purchasing
7. Income
8. Cash Management
9. Fixed Assets

Appendix A i – Financial Scheme of Delegation

Appendix A ii – School Financial Division of Duties

Appendix B – Investment and Treasury Management Policy

Appendix C – Purchasing Policy

Appendix D – Charge Card Policy

Appendix E – Charging and Remissions Policy

Appendix F – Lettings Policy

Appendix G – Debt Recovery Policy

Appendix H – Staff Expenses Policy

Appendix I – Trustee/Governor Expenses Policy

## 1. Introduction

- 1.1 The purpose of this manual is to ensure that The Cardinal Newman Catholic Educational Trust (the Trust) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the Education and Skills Funding Agency (ESFA). This manual expands on that and provides detailed information on The Trust's accounting procedures and system. The manual should be read by all staff involved with financial systems.

## 2. Organisation

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

### **The Board of Directors**

- 2.2 The Board of Directors has overall responsibility for the oversight of the Trust's finances. The Board normally meets at least six times per year but more frequent meetings can be arranged if necessary. The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's Memorandum and Articles of Association. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Trust's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- approval of annual accounts in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- appointment of the Chief Executive Officer (CEO), Executive Principals, Principals and Heads of School;
- appointment of the Chief Financial Officer (CFO), in conjunction with the CEO
- authorising the award of contracts over £50,000.

### **Finance, Audit and Resources (FAR) Committee**

- 2.3 The FAR is a committee of the Board of Directors. The FAR Committee normally meets at least six times a year but more frequent meetings can be arranged if necessary.
- 2.4 The main responsibilities of the FAR are detailed in written terms of reference which have been authorised by the Board of Directors. The main responsibilities include:
  - the initial review, scrutiny 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 Companies Act 1985 and the DfE guidance issued to academies;
  - approving the award of contracts over £50,000;
  - to monitor and assess the internal controls of the Trust;
  - to have oversight for external and internal audit matters;
  - to establish and maintain a framework for assessing risk;
  - to establish and monitor the implementation of the Trust's health and safety framework.

### **The Chief Executive Officer (CEO)**

2.5 Within the governance framework of the Trust as approved by the Board of Directors the CEO has overall executive responsibility for the Trust's activities including financial activities and acts as the Accounting Officer. Much of the financial responsibility has been delegated to the CFO but the CEO still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts, which the Board of Directors have agreed should be approved by them;
- authorising contracts over £20,000 and under £50,000 in line with the Scheme of Delegation - Appendix A
- signing cheques and authorising payments in conjunction with other authorised signatories.

### **The Chief Financial Officer (CFO)**

2.6 The CFO works in close collaboration with the CEO through whom they are responsible to the members /Directors/ governors. The CFO also has direct access to the members/Directors/governors via the FAR Committee and a presence at the Full Board. The main responsibilities of the CFO are:

- the day-to-day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of the annual budget;
- authorising orders between £5,000 and £20,000
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance and Companies House in line with its timetable.

### **Internal Audit**

2.7 The Internal Audit programme will be performed by an external organisation, currently the Internal Audit Department of One West and provides Members/Directors/Governors with an independent oversight of the Trust's financial and other processes and procedures. The main duties of the Internal Auditors with regard to financial activities are to provide the Board of Directors with independent assurance that:

- the financial responsibilities of the Trust are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and financial considerations are fully taken into account in reaching decisions.

2.8 The Internal Auditors will undertake a regular programme of reviews agreed in advance by the FAR Committee to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Directors. A report of the findings from each visit will be presented to the FAR Committee.

### **Other Staff**

2.9 Other members of staff, primarily the Finance Leads, Executive Principals, Principals, Heads of School and budget holders, will have some financial responsibilities and these are detailed in following sections of this manual. 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**

- 2.10 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 Trust members /Directors/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 held by the Clerk to the Directors and is open to public inspection. The register of interests of members and Directors is published on the Trust website.
- 2.11 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 member /Director/governor or a member of staff by that person.
- 2.12 The existence of a register of business interests does not, of course, detract from the duties of Directors/governors and staff to declare interests whenever they are relevant to matters being discussed by the Board, or a committee. Where an interest has been declared, members /Directors/governors and staff should not attend that part of the Board and /or committee or other meeting or take part in or seek to influence the voting or decision making.

## **3. Accounting and Budget System**

- 3.1 All the financial transactions of the Trust must be recorded on the Trust's main accounting system, which is currently Iris Financials. Parent Pay is used in schools to collect parental payment for trips and other sundry purchases. Both the Trust's main accounting system and Parent Pay system are operated by the Finance Teams. The Parent Pay system will be used to record all payments received from pupils, which will include school uniform, books, school trips, dinner money, breakfast and after school clubs, etc. All other items of income and expenditure will be recorded on the Trust's main accounting system.

### **System Access**

- 3.2 Entry to the Trust's main accounting and budgeting system is password restricted and the CEO and CFO are responsible for authorising access.
- 3.3 Access to the component parts of the accounting and budgeting system is restricted and is delegated according to roles, school and seniority. The CEO and CFO are responsible for setting access levels for all members of staff using the system.

### **Back-up Procedures**

- 3.4 The main accounting system is operated via Iris Financials Cloud and they are responsible for backing up all data. ParentPay is also online and they are responsible for backing up all data.

### **Transaction Processing**

- 3.5 All transactions input to the accounting systems must be authorised in accordance with the procedures specified in this manual, as well as in line with the Scheme of Delegation (Appendix A) and Division of Duties (Appendix B). All journal entries must be documented and authorised appropriately. Bank transactions should be input by the central finance team.
- 3.6 Detailed information on the operation of the Trust's accounting system can be found via the online help system provided. [IRIS Financials \(v7+\)](#)

### Transaction Reports

- 3.7 The Finance Lead of each school will review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:
- monthly reports on all expenditure recorded on the finance systems from each School;
  - monthly payroll files from each school and exception reports for the payroll.
- 3.8 The CFO will review the Management Accounts summarising expenditure and income against budget at budget holder level for each school.

### Reconciliations

- 3.9 The CFO is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- payroll control account;
  - all suspense accounts; and
  - balances on Trust's accounting system to the official bank account statement;
  - completing a reconciliation of the VAT account.
- 3.10 The School Finance Leads are responsible for ensuring that the following reconciliations are performed each month in their respective schools:
- balances on Parent Pay systems to the relevant school bank account statement.
- 3.11 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO.

## 4. Financial Planning

- 4.1 The Trust prepares both medium-term and short-term financial plans.
- 4.2 A 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 two to three years.
- 4.3 The strategic business plan informs the development of the annual school development plans, which in turn provide the framework for the annual budget. The budget is a detailed statement of the expected resources available to The Trust and its schools and the planned use of those resources for the following year.

### Strategic Business Plan

- 4.4 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.
- 4.5 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.

## Financial Regulations Manual

- 4.6 On a regular cycle the Directors and governors along with the CEO will conduct a review of the strategic business plan and report to the Board of Directors:
- a review of past activities, aims and objectives;
  - a review of the definition of aims and objectives;
  - information for the development of the budget plan;
  - a timetable for the implementation, monitoring and review of the plan;
  - feedback into the next planning cycle.
- 4.7 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.
- 4.8 The completed Trust Improvement Plan will include detailed objectives for each school 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.
- 4.9 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to named person, usually a member the leadership team in each school. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the CEO via the Headteacher, on a termly basis. The CEO will report to the Board of Directors and the FAR Committee if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

- 4.10 The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, the FAR Committee and the Board of Directors.
- 4.11 The approved budget must be submitted to the ESFA according to their published timetable and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.12 The annual budget will reflect the best estimate of the resources available to 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 plan objectives and the budgeted utilisation of resources for each academy within the Trust.
- 4.13 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of students 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;
  - curriculum planning;
  - identification of potential efficiency savings and review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

- 4.14 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 reductions can be made. This may entail prioritising tasks and deferring projects until more funding is available. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.



### **Finalising the Budget**

- 4.15 Once the different options and scenarios have been considered, a draft budget should be prepared by the CFO for approval by the CEO, the FAR Committee and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.16 The budget should be accompanied by a statement of assumptions. The budget should be seen as a working document which may need revising throughout the year as circumstances change. A revised budget may need to be submitted to the ESFA as required.

### **Monitoring and Review**

- 4.17 Monthly Budget Monitoring Report are prepared by the CFO for each school which are shared with the school SLT and LGC. Reports showing actual expenditure against budget will be provided to budget holders on request or can be viewed on IRIS Financial Planner.
- 4.18 Monthly management accounts reports will be prepared by the CFO. The reports will detail forecast income and expenditure at a summary level, with comments on significant variances, for the CEO, the FAR Committee and the Chair of Directors.
- 4.19 Any potential overspend against the budget must in the first instance be discussed with the relevant person, in line with the Scheme of Delegation. Any virements will need to be authorised in the next available Continuous Improvement Review meeting.
- 4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

## **5. Payroll**

- 5.1 The main elements of the payroll system are:

- staff appointments;
- payroll and pension administration, and
- payments.

### **Staff Appointments**

- 5.2 The Board of Directors has approved a personnel establishment for The Trust. The CEO has authority to appoint staff within the authorised establishment except for Executive Principals, Principals, Vice Principals and Heads of School whose appointments must follow consultation with the Directors. The Finance Leads maintains personnel files for all members of staff which include contracts of employment. Trust employed members of staff are held centrally.

### **Payroll Administration**

- 5.3 The Trust payroll is administered on behalf of the Trust by Strictly Education.
- 5.4 All staff are paid monthly on the last working day of each month.
- 5.5 All salary payments are made by BACS.
- 5.6 The payroll provider automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are detailed on the monthly payroll spreadsheets and payments for these amounts will be paid by the payroll provider on the due dates.

## 6. Purchasing

6.1 The Trust wants to achieve the best value for money from all its purchases. This means to achieve what they need in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and integrity needs to be maintained 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

6.2 Budget holders will be informed of the budget available to them at the beginning 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. A print detailing actual expenditure against budget will be supplied to each budget holder on request or can be viewed on IRIS Financial Planner. Budget holders are required to check their budgets on a regular basis to ensure that spending is kept within the budget limits.

### Procedures for all staff (budget holders) placing orders

6.3 A Trust purchase requisition form must be completed for all expenditure; this includes all capital expenditure items, including proposed expenditure via inspection copies and internet purchases. Written quotes and tenders should be obtained where necessary in line with the scheme of delegation. Where quotes cannot be obtained in line with the Scheme of Delegation, a Procurement Exception Form should be completed. The requisition form must be completed and signed by the budget holder ordering the goods/services and approved in line with the scheme of delegation. For charge card purchases, approval must be sought in advance of purchase, an approval email from the budget holder will suffice. See further guidance in Appendix D.

6.4 Budget holders are responsible for ensuring best value for money on all purchases and should investigate current prices and alternative suppliers when making purchases. Budget Holders should not place orders if the department account does not have enough funds to cover the cost of the order.

6.5 Once completed the purchase requisition form should be passed to the Finance Lead at the school who will enter and approve it on the main accounting system.

### Procedures for Finance Leads

6.6 Once an authorised order has been received, a member of the Finance Team will enter the transaction onto the main accounting system to produce a Trust official purchase order to be sent to the supplier.

6.7 The following information should be included on The Trust official order form:

- **Supplier/Contractor** - Full name and address of supplier, including postcode.
- **Date Issued** - The date of the order.
- **Name of Person ordering the goods** - Budget Holder's Name.
- **Trust/school Details** - Trust/school Name, registered address, delivery address, company number, post code, telephone number.

6.8 It should also include a description of the goods/services sufficient to identify all goods including quantity of goods, unit price and total value excluding VAT, post and packaging and any delivery instructions.

## Financial Regulations Manual

- 6.9 If a written quote has been received, it should be attached to the original order form. All quotations obtained should be in line with the authorisation limits in the Scheme of Delegation and be attached to the order. For orders tendered the CFO will keep copies of the quotes and the associated tender award paperwork.
- 6.10 Goods must be delivered to a Trust school/academy address only.
- 6.11 All official orders are authorised by the Finance Lead, Executive Principals, Principal or Head of School of the individual school within their delegated limits as listed below. Orders above these limits should be passed to the CFO or the CEO as appropriate.
- Executive Principal/Principal/Head of School up to £5,000
  - CFO £5,001 - 20,000
  - CEO £20,001 - 50,000
  - Board of Directors above £50,000.
- 6.12 A copy of the purchase order should be sent to the supplier (by post, fax or e-mail) and a copy (together with any supporting paperwork e.g. suppliers order form) is retained by the Finance Lead and filed in orders awaiting delivery until all items are received. Orders are filed in alphabetical order where paper copies are used, otherwise electronic purchase orders will be stored in the accounting system.
- 6.13 The purchase order log is reviewed monthly and any orders not received will be investigated.

### Receipt of Goods

- 6.14 On delivery, the goods are checked, and the Goods Received Note (GRN) is dated and signed by the receiver. The parcel will either be taken to the relevant member of staff, or they will be notified of its arrival by phone or email.
- 6.15 The CFO will record all appropriate purchases over £5,000 on the Trust's fixed asset register. These goods and ICT equipment (even if under £5,000) should also be recorded by the Finance Lead at each school on their inventory and the asset should be marked before being delivered to the ordering department.
- 6.16 Any discrepancies in description, quantity, size or price should be notified to the Finance Lead within 3 days so the query can be resolved with the supplier.
- 6.17 Copies of the signed GRN confirming that all items on GRN have been checked and received is returned to the Finance Lead.
- 6.18 On receipt of signed GRN the Finance Lead will match it with the order and await the invoice for processing and payment. Once received, all invoices must be scanned into the accounting system.
- 6.19 It is important to check the delivery and packaging as the invoice is often included or attached. If the invoice is received with the goods, the member of staff who received the good must pass it to the Finance Lead for processing and payment. See section of payment of accounts.

### Receipt of Services

- 6.20 Services to the Trust include, but are not limited to:
- Utilities - e.g. electricity, gas, water
  - Emergency Repairs - e.g. vandalism repairs
  - Lease/Hire of equipment - e.g. photocopiers, minibus
  - Services agreements - e.g. maintenance contracts
  - Supply Teachers - e.g. agency staff
  - Individuals providing service - e.g. one-off training, consultancies

## Financial Regulations Manual

- 6.21 The School Finance Lead is responsible for invoices for the above services and for authorising for payment.
- 6.22 Details of consumption for utilities are logged on the school's tracker and are compared against the consumption record for past periods to check consumption is in line with normal trends. If consumption is estimated, the estimate should be checked against the monthly readings taken.
- 6.23 Emergency repair invoices are checked by the Finance Lead and signed when work has been completed to a satisfactory standard.
- 6.24 Supply Teacher invoices are checked by the Finance Lead against records, time sheet and order.

### **Payment of Accounts**

- 6.25 The CEO, the Executive Principals/Principals/Head of Schools, the CFO, and the Finance Leads are Authorised Officers and are responsible for the examination, verification and certification of related invoices and requests for payment.
- 6.26 All payments of accounts must be made against a related invoice. Where appropriate this should be a full tax invoice, which quotes/references the school order number. Accounts will not be paid against a statement.
- 6.27 Most payments will be made by BACS; fortnightly BACS payments will be made for all authorised invoices that are due.
- 6.28 The Trust has a policy of not signing blank cheques under any circumstances.

### **Invoices**

- 6.29 Invoices received at the school, either accompanying an order or by email or post separately should be passed directly to the Finance Lead.
- 6.30 No invoice should be retained by staff prior to logging with the Finance Lead.
- 6.31 The invoice is checked by the Finance Lead against the purchase order and GRN. If the invoice agrees to the approved PO and GRN, within the £10 tolerance on the main accounting system, it is processed automatically. If the invoice is more than £10 higher than the approved PO and GRN, the invoice will be required to be approved by the budget holder in the accounting system, in line with the Scheme of Delegation thresholds.

### **Processing Invoices**

- 6.32 Details of the invoice are entered onto the accounting system and the invoice and all supporting paperwork is scanned and attached. The invoice will now await to be included in the fortnightly BACS payment runs.
- 6.33 BACS payment runs are set up on a fortnightly basis for each individual school by the Finance Lead and by the CFO for the central. All invoices for schools are checked and approved for payment by the CFO and all invoices for central are checked and approved for payment by the CEO. BACS payments require two authorised signatories in line with the Bank Mandatory and the Trust's Scheme of Delegation.

**Orders over £500 but less than £1,500**

- 6.34 One quote should be obtained where reasonably possible for all orders over £500 but under £1,500 to ensure that best value is achieved. Copies of any quotations obtained should be scanned into the accounting system with the invoice for audit purposes. Telephone quotes and internet price searches are acceptable if these are evidenced to form part of the quotations to be reviewed before a purchase decision is made.

**Orders over £1,500 but less than £10,000**

- 6.35 Three quotes should be obtained where reasonably possible for all orders over £1,500 but under £10,000 to ensure that best value is achieved. Copies of any quotations obtained should be scanned into the accounting system with the invoice for audit purposes. Telephone quotes and internet price searches are acceptable if these are evidenced to form part of the quotations to be reviewed before a purchase decision is made.

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

- 6.36 At least three written quotations must be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods or services. Written details of quotations obtained should be scanned into the finance system with the invoice for audit purposes. Telephone quotes and internet price searches are acceptable if these are evidenced to form part of the quotations to be reviewed before a purchase decision is made.

**Orders over £50,000**

- 6.37 All goods and 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. The budget holder must discuss and agree with the CFO how best to advertise for suppliers.

**Tendering**

- 6.38 The Trust will follow the Public Contracts Regulations 2015 when purchasing goods or services above the public sector procurement thresholds including The Public Procurement (Amendment Etc.) (EU Exit) Regulations 2020. When undertaking any form of tender, public procurement professional advice may be required. Consideration will be given to the thresholds and complexities of the goods being purchased and guidance sought from the Government website:

[Buying for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/buying-for-schools)

[Buying high-value things under the Public Contracts Regulations \(PCR\) procurement threshold - Buying procedures and procurement law for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/buying-high-value-things-under-the-public-contracts-regulations-pcr-procurement-threshold)

[Buying things that are over the procurement threshold - Buying procedures and procurement law for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/buying-things-that-are-over-the-procurement-threshold)

- 6.39 The Trust will produce tender documentation that will be published in line with the current public sector tendering rules that will specify the goods or services required, stipulate how responses will be accepted, give details about the deadlines for returns and how contracts will be awarded.

When tendering outside of a framework the Trust will:

- assess the market
- prepare the contract and tender documents

- advertise in the right places and/or advertise a contract notice using the UK e- notification service
- consider using an expression of interest to cut the number of bids needed to assess later
- consider whether to use the restricted procedure to reduce the number of bids to assess later
- send an invitation to tender to people who reply to the advert
- consider making the invitation to tender and all other documents available electronically from the time that the contract notice is published
- fairly assess all the bids you get, using the same process
- choose the bid/supplier that offers best value for money
- award the contract to the highest scoring bidder

### **Use of Buying Frameworks**

- 6.40 Where goods or services to be purchased are *above* the public sector procurement thresholds it may be prudent to use a buying framework. Under a buying framework a formal *over* threshold tender has already been conducted and all approved suppliers have been *vetted*. In using the buying frameworks it is important to follow the guidelines for each framework which may entail undertaking a mini competition tender. In some cases, such as in purchasing ICT equipment preferential prices can be obtained for goods valued under the public sector procurement thresholds; Church Marketplace, DfE, SRM.

## **7. Income**

- 7.1 The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the CFO, who is responsible for ensuring that all grants due to the Trust are collected.
- 7.2 The Trust also obtains income from:
- local clubs and hirers, mainly for sports lettings;
  - insurance claims;
  - course fees;
  - sales of books, materials and photocopying;
  - sale of equipment and fixed assets;
  - reimbursement for staff;
  - donations;
  - students for trips and visits;
  - charity collecting - e.g. non uniform day;
  - sale of school uniform, book bags etc.
  - out of school clubs.

### **Sales Invoices**

- 7.3 Sales invoices are raised directly on the accounting system by the Finance Lead at each school and by the CFO for central.

### **Recording of non-invoiced Income**

- 7.4 Monetary donations received by the Trust or schools are logged and monitored within the accounting system. For donations received with restrictions attached, they must be separately recorded and monitored against expenditure to ensure restrictions are met. For donations received with no restrictions attached, it is at the school's discretion how this money is best spent. If the value is over £500, please discuss planned spend with the central finance team. For any donation over £500 a receipt must be prepared and sent back to the donor with a letter of thanks.

- 7.5 Equipment donations valued over £5,000 - received by the Trust are entered into the fixed assets register at market value and details added to the annual donation list as above.
- 7.6 Funds received from the sale of books and resources are paid into the relevant curriculum budget.
- 7.7 Other income - other income received by The Trust will be recorded on the main accounting system.

### **Trips**

- 7.8 Curriculum staff identify educational visits and prepare an Educational Visits Approval Form, which includes a budget for each visit. All education trips must be approved by the School Leadership Team in advance of any booking.

### **Custody**

- 7.9 All cash and cheques must be kept in the school office safe prior to banking. Banking should take place every fortnight or more frequently if the sums collected exceed the £5,000. All cash must be locked in a safe overnight.
- 7.10 All money collected must be banked in its entirety in the Trust bank account. Finance Leads are responsible for preparing reconciliations between the sums collected and the sums deposited at the bank, the CFO will then post the sums to the accounting system. For cash deposits of over £2,000 two members of staff must travel to the bank.
- 7.11 Monies collected from charity fundraising should be recorded and banked as with other money but will be recorded in a fundraising control account within the accounting system to ensure it is paid onto the charity in its entirety.

## **8. Cash Management**

### **Bank Accounts**

- 8.1 The opening of all accounts must be authorised by the FAR Committee. 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. The Scheme of Delegation details levels of authorisation.

### **Deposits**

- 8.2 Particulars of any deposit into the main bank account can be obtained from the main accounting system. For payments into other bank accounts the particulars must be entered on a copy paying-in slip, counterfoil or listed in a supporting book and recorded in SCO. The details should include:
- the amount of the deposit, and
  - a reference, such as the number of the receipt or the name of the debtor.

### **Payments and withdrawals**

- 8.3 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:
- CEO, CFO plus one other authorised bank signatory. Details of all bank signatories are kept in the banking correspondence file held by the CFO.
- 8.4 Payment by BACS will require two approvers who will usually be the CFO and CEO.
- 8.5 This provision applies to all accounts, public or private, operated by or on behalf of the Trust.

### **Administration**

- 8.6 The CFO must ensure bank statements are received regularly and that reconciliations are performed at least monthly. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the Trust's cash book;
  - reconciliations for the main Trust bank account are prepared by the CFO;
  - reconciliations for the Trust savings account are prepared by the CFO;
  - reconciliations for the school fund bank accounts held by other schools in the Trust are prepared by the CFO;
  - once per term, the Chair of the FAR Committee will check the bank statement balance against that shown in the management accounts.

### **Petty Cash Accounts**

- 8.7 As a rule schools do not hold petty cash. In some instances, small floats will be held in order to facilitate the sale of goods to students (e.g. books bags, ties etc.). Reimbursement for miscellaneous purchases by members of staff will be made via BACS fortnightly, after completing and submitting an expense claim form, not from cash floats held, see the Staff Expenses Policy (Appendix H). Any cash held in the schools is administered by the Finance Lead.
- 8.8 Where the circumstances of the school mean they need to hold petty cash, any cash expenditure should be approved by the budget holder in advance of the purchase. A petty cash form should be completed and approved, with receipts attached. All petty cash income and expenditure should be recorded on the petty cash tracker and reconciled monthly by the Finance Lead and approved by the CFO. The balance held should be £100 or lower.

### **Physical Security**

- 8.9 Any cash held in the schools should be kept in a locking cash box in the main school safe.

### **Cash Flow Forecasts**

- 8.10 The CFO is responsible for preparing cash flow forecasts, on a monthly basis, to ensure that The Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

### **Investments**

- 8.11 Investments must be made only in accordance with written procedures approved by the Board of Directors and in conjunction with the Investment and Treasury Management Policy - Appendix B.
- 8.12 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **9. Fixed Assets**

### **Fixed Assets Register**

- 9.1 All items purchased with a value over the Trust's capitalisation limit (currently £5,000) must be entered in the fixed asset register. The fixed asset register should include the following information:
- asset description;
  - date of acquisition;



- asset cost;
- source of funding;
- expected useful economic life;
- depreciation;
- current book value;
- location.

### 9.2 The Fixed Asset Register helps:

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

### **Security of assets**

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

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

### **Disposals**

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the CEO up to £1,000 and by the FAR Committee above £1,000 and, where significant, should be sold following competitive tender. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

9.6 Disposal of equipment should evidence that 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 data will be removed from ICT equipment before disposal.

9.7 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the DfE a proportion of the sale proceeds.

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

### **Loan of Assets**

9.9 Items of Trust/school property must not be removed from premises without the authority of the Executive Principal/Principal/Head of School/CEO. A record of the loan must be recorded in a loan book and booked back in Trust/school when it is returned.

9.10 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.