



NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

FINANCE POLICY

Committee Assigned: FINANCE & RESOURCES

Type of Policy: STATUTORY

Date approved: JUNE 2019

Date for review: JUNE 2021

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FINANCIAL POLICY

1 Introduction

- 1.1 The purpose of this manual is to ensure that Newent Community School and Sixth Form Centre maintains and develops systems of financial control which conforms with 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 School must comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE. This manual expands on that and provides detailed information on the School's accounting procedures and system manual and shall be read by all staff.

2 Organisation

- 2.1 The School has defined the responsibilities of each person(s) involved in the administration of the School's finances to avoid the duplication or omission of functions and to provide a framework of accountability for The Governing Body and staff. The financial reporting structure is illustrated below:

3 The Governing Body

- 3.1 The Governing Body has overall responsibility for the administration of the School's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the School and the DfE and in the School's 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 School's Funding Agreement, and are used only for the purposes intended
 - approval of the annual budget
 - appointment of the Principal and appointment of the Business Manager, in conjunction with the Principal

The Governing Body is responsible for ensuring proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure the financial statements comply with the Companies Act. They also acknowledge responsibility for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the School is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the School or for publication is reliable
- the School complies with relevant laws and regulations

The School's system of internal financial control is based on a framework of regular management information and administrative procedures and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial management reports which are reviewed and agreed by the Governing Body
- regular reviews by the Finance and Resources Group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes

- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

4 The Finance and Resources Group

4.1 The Finance and Resources Group is a committee of The Governing Body. The Finance and Resources Group meets at least 3 times a year but more frequent meetings can be arranged if necessary.

4.2 The main responsibilities of the Finance and Resources Group are detailed in the written approved Terms of Reference which have been authorised by the Committee and The Governing Body.

5 The Principal

5.1 Within the framework of the School Development Plan as approved by The Governing Body the Principal has overall executive responsibility for the School's activities including the financial activities. Much of the financial responsibility has been delegated to the Business Manager but the Principal still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which The Governing Body have agreed shall be approved by them
- authorising all subsequent orders between £50,000 and £100,000 in conjunction with the Business Manager, in line with the approved budget plan, following discussion with the Finance and Resources Group
- signing cheques in conjunction with other authorised signatories
- authorising and signing all contracts, service agreements, under £100,000, as Accounting Officer, in line with the Academies Financial Handbook

6 Business Manager

6.1 The Business Manager works in close collaboration with the Principal through whom they are responsible to The Governing Body. The Business Manager also has direct access to The Governing Body members via the Finance and Resources Group. The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the School's financial position at a strategic and operational level within the framework for financial control determined by The Governing Body
- 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 School
- the preparation of monthly management accounts
- the preparation of accounts and audit file ahead of the annual external audit
- authorising orders below £50,000 in conjunction with budget holder in line with the approved budget plan following discussion with the Principal and, if appropriate, the Finance and Resources Group
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance

7 The Responsible Officer

7.1 The Responsible Officer is appointed by The Governing Body and provides an independent oversight of the School's financial affairs. The main duties of the Responsible Officer are to provide The Governing Body with an independent assurance that:

- the financial responsibilities of The Governing Body are being properly discharged

- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

7.2 The Responsible Officer will undertake an annual programme of review to ensure that financial transactions have been properly processed and that controls are operating as laid down by The Governing Body. A report of the findings from each visit will be presented to the next Finance and Resources Group. Detailed guidance on the transactions to be checked by the Responsible Officer is given in Academies Financial Handbook and agreed with the Auditors of the School.

8 Other Staff

8.1 Other members of staff, primarily the Finance Technicians and other Finance Staff, and all 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 School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the School's financial procedures.

9 Register of Interests

9.1 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 of the Governing Body and senior staff, with significant financial or spending powers, are required to declare any financial interests they have in companies or individuals from which the School may purchase goods or services. The register is open to public inspection and is available on the school's website.

9.2 The register shall include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the School. The disclosures shall also include business interests of relatives such as a parent, spouse or business partner where influence could be exerted over a member of The Governing Body or a member of staff by that person.

9.3 The existence of a register of business interests does not, of course, detract from the duties of The Governing Body and staff to declare interests whenever they are relevant to matters being discussed by The Governing Body or a committee. Where an interest has been declared, members of The Governing Body and staff shall not attend that part of any committee or other meeting.

10 Accounting system

10.1 All the financial transactions of the School must be recorded on the approved accounting system which is currently Capita's FMS. The system is operated by staff in the Finance Office and consists of:

- Chart of Accounts
- Creditor Register
- Debtor Register
- VAT Control Account
- PAYE Control Account

FMS is supported by a number of other systems to maintain the following:

- Fixed Asset and Depreciation Register
- Cashflow
- Financial Management Pack

Other related financial software systems operated are:

- Private Funds Manager (PFM) – Trip, visits and events for Private Funds
- ParentPay – Online payments made by parents and carers
- Cashless Catering using a Fob via a Sharps Retail System

10.2 The administration of the payroll is undertaken externally under contract with Virtual Source Business (trading as Payplus) using information provided by the Business Manager.

11 System Access

11.1 The accounting system can only be accessed via the computers situated within the Business Manager's Office and the Finance Office.

The Business Manager is responsible for creating new users within the accounting system. Users will be limited to the Business Manager and staff working within the Finance Office.

Entry to the accounting system is password restricted and each user has responsibility for ensuring their password remains confidential at all times.

11.2 Access to the component parts of the accounting system can also be restricted and the Business Manager is responsible for setting access levels for all members of staff using the system.

12 Back-up Procedures

12.1 The School's ICT Department, advised by the School's ICT Support provider, are responsible for ensuring that there are effective back up procedures for the system.

For all standard systems and their associated data files backups are scheduled every night automatically. These backups are held on a secure server. At a fixed point in time, during year end closure, further backups are taken. This backup is held on the secure S drive.

12.2 The Business Manager shall prepare a Business Continuity Protocol in the event of loss of accounting facilities or financial data. This shall link in with the annual assessment made by The Governing Body of the major risks to which the School is exposed and the systems that have been put in place to mitigate those risks. These major risks will be recorded within the School's Risk Register.

13 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 payroll, the Creditor Register and the Debtor Register are included in the following sections of the manual. All journal entries must be printed and filed with relevant supporting documents attached. Bank transactions shall be input by the Finance Office and the bank reconciliation done by the Business Manager.

Detailed information on the operation of the accounting system can be found in the user manuals created by Capita SIMS and held in the Finance Office.

14 Transaction Reports

14.1 The Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- management accounts summarising expenditure and income against budget at budget holder level.

15 Reconciliations

15.1 Responsibility for ensuring the following reconciliations are performed each month and that any reconciling or balancing amounts are cleared as follows:

- | | |
|---|--------------------|
| • Debtor control account | Finance Technician |
| • Creditor control account | Finance Technician |
| • ParentPay income to the bank statement | Finance Assistant |
| • Payroll control account | Finance Technician |
| • VAT control account | Finance Technician |
| • Outstanding orders | Finance Technician |
| • All suspense accounts | Business Manager |
| • Bank balance per the nominal ledger to the bank statement | Business Manager |

15.2 Any unusual or long outstanding reconciling items must be brought to the attention of the Business Manager. The Business Manager will review and sign all reconciliations as evidence of the review.

16 Financial planning

16.1 The School prepares both medium term and short-term financial plans.

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

16.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the School and the planned use of those resources for the following year.

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

17 School Development Plan

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

17.2 The form and content of the development plan are matters for the School to decide but due regard should be given to the matters included within the Academies Financial Handbook and any annual guidance issued by the DfE.

17.3 Each year the Principal will propose a planning cycle and timetable to The Governing Body which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

17.4 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 Principal.

17.5 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years as a minimum. The plan shall include, where

it is reasonably practicable, the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

- 17.6 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a School manager. The responsible manager shall monitor performance against the defined success criteria throughout the year and report to the Senior Leadership Team on a quarterly basis or at key points. The Senior Leadership Team will report to The Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

18 Annual Budget

- 18.1 The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal, Finance and Resources Group and The Governing Body.

- 18.2 The approved budget must be submitted to the ESFA (Education and Skills Funding Agency) by the designated date each year and the Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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

- 18.4 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of ESFA grant receivable
- review of other income sources available to the School to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the School
- 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 eg pay increases, inflation and other anticipated changes

19 Balancing the Budget

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

20 Finalising the Budget

- 20.1 Once the different options and scenarios have been considered, a draft budget shall be prepared by the Business Manager for approval by the Principal, the Finance and Resources Group and The Governing Body. The budget shall be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. This process must be complete by the last working day of the academic year to ensure submission before the designated date can be achieved.

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

21 Monitoring and Review

- 21.1 Monthly reports will be prepared by the Business Manager. The reports, which will form the Financial Management Pack, will detail actual income and expenditure against budget at a summary level for the Principal and the Finance and Resources Group.
- 21.2 Any potential overspend against the budget will be discussed between the Principal and Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Business Manager.
- 21.3 The monitoring process shall be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Any potential budget virement will be discussed by the Finance and Resources Group within the Financial Management Pack.
- 21.4 On a termly basis a report will be prepared for inclusion in the Financial Management Pack for the previous term for circulation to the Finance and Resources Group detailing purchase orders, spending commitments and subsequent payments in excess of £5,000.
- 21.5 On a termly basis a report will be prepared for inclusion in the Financial Management Pack for the previous term for circulation to the Business and Finance Group detailing contracts (software licences, service agreement or contracts) that have been entered into. This report will detail if the contract is new, a replacement or a renewal.

22 Payroll

- 22.1 The main elements of the internally administration of the payroll are:
- staff appointments, variations and terminations
 - completion and submission of the Monthly Data Report to Payplus
 - review of reports provided by Payplus detailing payments to staff and third party companies eg HMRC, TP, LGPS etc
 - pension administration to support the work by Payplus – TP and LGPS

23 Staff Appointments, variations and terminations

- 23.1 The Principal has authority to appoint staff within the authorised establishment except for Vice Principals and the Business Manager whose appointments must follow consultation with The Governing Body members. The Business Manager, with assistance from the Business Administrator, maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately so that the appropriate documentation can be produced.

24 Payroll Administration

- 24.1 The School payroll is administered internally by the Business Manager and Finance Technicians with completion and submission of the Monthly Data Report to Payplus by the agreed date. Submission of the Monthly Data Report will be via Egress Switch.

The payroll will be produced by Payplus with detailed reports returned to the Business Manager for checking. Queries will be submitted to Payplus, and responded to, until such time as the Business Manager is satisfied with the outcome. At this point authorisation will be given by the Business Manager to Payplus, via Egress Switch, to proceed to payment.

- 24.2 All staff are paid monthly through the direct link between the payroll system operated by Payplus and BACS.

Any new appointments or terminations are notified to Payplus by the Business Manager via the Monthly Data Report

All supporting documents for processing a month's payroll will be filed with all detailed reports and journals. The file will be held securely in the Finance Office.

A master payroll file is a hard copy file which contains, for each member of staff, the Statement of Particular, letters of amendment, termination form, etc. The documentation that is contained within the master payroll file is created by the Business Manager and authorised by the Principal. The Finance Technicians are responsible for maintenance of the master payroll file.

A master Pension file is a hard copy file which contains, for each member of staff, the Pension statement together with any related pension documentation. The documentation contained within the master Pension file is maintained by the Finance Technicians.

Any amendments notified to Payplus for any member of staff within the payroll system must only be processed on receipt of written instructions from the Business Manager or documentation from HMRC or any other recognised institution.

Any one-off claims that require payment through the payroll must only be processed on receipt of a fully authorised claim form.

A register of payroll signatories will be created and maintained. Only individuals listed on the register can authorise amendments or payments to the payroll.

- 24.3 The Cover Administrator will send details of sickness and other absences to the Finance Office on a weekly basis. The Business Manager will enter the relevant information onto the Monthly Data report and file the documents.

25 Payments

- 25.1 After the payroll has been processed by Payplus, detailed reports will be returned to the Business Manager for checking. The reports must be reviewed, compared to the gross/net listing. Queries will be submitted to Payplus, and responded to, until such time as the Business Manager is satisfied with the outcome. At this point authorisation will be given by the Business Manager to Payplus, via Egress Switch, to proceed to payment.
- 25.2 All salary payments are made by Payplus following the required authorisation via the BACS system .
- 25.3 The payroll system operated by Payplus automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance and pension contributions. The amounts payable are summarised on the gross to net pay print and reconciliations for these amounts shall be prepared by Payplus and authorised for payment by the Business Manager by the due date. The Principal shall countersign the BACS report detailing payments to be made.
- 25.4 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 Business Manager / Finance Technicians will have responsibility to ensure these accounts and cost centres are updated and reconciliation completed of the payroll control account on a monthly basis. The Business Manager shall review the payroll control account reconciliation each quarter to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly up-dated and to identify any amounts posted to the suspense account.

25.5 On an annual basis a Finance Technician will produce a Salary Statement for all staff which will inform a reconciliation using a sample of members of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

26 Purchasing

26.1 The School wants to achieve the best value for money from all its purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we 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 School
- Accountability, the School is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all those dealt with by the School are dealt with on a fair and equitable basis

A Value for Money Statement, produced and reviewed annually, provides further detail and is available within the Annual Statutory Accounts as required by the ESFA.

27 Routine Purchasing

27.1 Routine purchases in accordance with current delegation of authority can be ordered by budget holders through the Finance Office. No order can be submitted direct to a supplier by a budget holder. A quote or price must always be obtained before any order is placed.

27.2 Web-based, and electronic placed orders eg Amazon, must be entered and confirmed by the Finance Office only. Where appropriate, an email containing a link to the required item can be sent from the budget holder to the Finance Technician. In all cases, the Finance Technician will check to ensure adequate budgetary provision exists prior to processing on the accounting system.

27.3 Official, non web-based, orders will be produced automatically from the accounting system, allocated a reference number, authorised by the Business Manager and dispatched to the supplier by the Finance Office.

27.4 The delivery of goods to the School will be received by the Receptionist and managed by the Finance Office. The Site Services Team will distribute the goods within the School. On receipt the goods within their department, the budget holder must undertake a detailed check of the goods received against the delivery note and make a record of any discrepancies. Discrepancies shall be discussed with the Finance Technician who will make contact with the supplier without delay.

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

27.6 All invoices shall be sent to the Finance Office. Invoice receipt will be recorded by the Finance Assistant in the creditor register. The Finance Office will stamp invoices with a grid against which the following can be evidenced:

- The cost centre that the invoice is input against
- The signature of the relevant member of staff who confirms the supplies have been received or a particular contract has been fulfilled.
- The authorised signature of the budget holder informing the Finance Office that the invoice can be paid

27.7 Budget holders must check, sign and return the invoice to the Finance Office without undue delay and in any case within 7 days of invoice receipt.

- 27.8 If a budget holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.
- 27.9 The Finance Office will input details of payments to be made to the creditor register and generate the payments required. The payments and associated paperwork must be signed by the Principal and Business Manager prior to the creation of the electronic direct payment file within the Lloyds Commercial Banking Online system.
- 27.10 To allow for the year end process to be completed in a timely manner, in line with the Auditors programme, the ordering system will be closed on or around 30th June each year. No further purchase orders will be processed unless previously authorised by the Business Manager.

28 Purchasing Contracts, Agreements and Licences

These purchases are usually for a specific period of time and, therefore, due to the nature of these purchases, and the requirement in many cases for the Accounting Officer to sign a formal contract or agreement, an Official Purchase Order may not be produced. This will be determined on an individual basis. Any Contract, Service Agreement or Software Licence entered into will be recorded on the termly report for inclusion in the Financial Management Pack.

29 Orders and contracts for items over £1,000 but less than £5,000 (subject to exceptions noted at point 33)

At least two estimates or price shall be obtained for all items between £1,000 and £5,000 to identify the best source of the goods / services. These prices may be taken from the suppliers' written or verbal quotations or catalogues / price lists and retained for audit purposes.

30 Orders and contracts over £5,000 but less than £50,000 (subject to exceptions noted at point 33)

- 30.1 Three estimates or price lists shall be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

31 Orders and contracts over £50,000 but under £100,000 (subject to exceptions noted at point 33)

- 31.1 At least three written estimates shall be obtained for all orders between £50,000 and £100,000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by budget holders for audit purposes. Telephone quotes are not acceptable.

32 Orders and contracts over £100,000 (subject to exceptions noted at point 33)

- 32.1 All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures. Purchases over £181,302 excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 2e to the Academies Financial Handbook.

33 Forms of Tenders

In the event that there are an insufficient number of appropriate alternative providers available to provide estimates, the requirement to obtain multiple estimates may be reduced below the number stated in points 29 to 32 above as long as estimates are obtained from all available appropriate providers.

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

33.2 Open Tender: This is where all potential suppliers are invited to tender. The Principal and Business Manager will meet and discuss how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

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

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

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

34 Preparation for Tender

34.1 Full consideration shall be given to:

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

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

35 Invitation to Tender

35.1 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.

35.2 An invitation to tender shall include the following:

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

36 Aspects to Consider

36.1 Financial

Like shall be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.

Care shall be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

- Is there scope for negotiation?
- Technical and Suitability of the contractor
- qualifications of the contractor
- relevant experience of the contractor
- descriptions of technical and service facilities
- certificates of quality / conformity with standards

36.2 Quality control procedures

Details shall be requested and obtained for previous sales and references from past customers.

36.3 Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier as a supplier 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.

37 Tender Acceptance Procedures

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

38 Tender Opening Procedures

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

- For contracts over £100,000 - the Business Manager or the Principal, and the Chair of the Finance and Resources Group

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

39 Tendering Procedures

39.1 The evaluation process shall involve at least two people. Those involved shall disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

39.2 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.

39.3 Full records shall be kept of all criteria used for evaluation and for contracts over £100,000. A report shall be prepared for the Finance and Resources Group highlighting the relevant issues and detailing the outcome prior to the placement of a contract.

For contracts under £100,000 the decision and criteria shall be reported to the Finance and Resources Group.

- 39.4 Where required by the conditions attached to a specific grant from the DfE, the DfE's approval must be obtained before the acceptance of a tender.
- 39.5 The accepted tender shall be the one that is economically most advantageous to the School. All parties shall then be informed of the decision.
- 39.6 The School's regulations and procedures for obtaining competitive tenders and/or quotations may be set aside only with the prior written approval of the Business Manager or Principal without reference to the Finance and Resources Group where:
- the supply is proposed under special arrangements negotiated by the school in which event the said special arrangements must be complied with
 - the timescale genuinely precludes competitive tendering although failure to plan the work properly is not a justification for single tender
 - specialist expertise is required and is available from only one source
 - the task is essential to complete the project, arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate
 - there is a clear benefit to be gained from maintaining continuity with an earlier project, however, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering

40 Specific Ordering

Two business functions operate an ordering system outside of the usual procedure:

40.1 Supply Staff

- The requirement to book Supply Teaching Staff is identified through using the Capita SIMS Cover system. The Cover Administrator will log all known, planned or emergency, absences and liaise with relevant individuals to book a Supply Teacher ensuring no class is left unsupervised. No confirmation order is sent via the FMS system by the Finance Office.
- The Cover Administrator will provide, on a weekly basis, a report to the Business Manager detailing all Supply Teaching Staff booked which will outline the reason for the booking.

40.2 Catering

- The Catering Supervisor, or the Cook, will be responsible for maintaining stock levels of all consumables required within the provision. Orders for consumables will be placed via the telephone by the Catering Supervisor with nominated, and agreed, supplier as required and recorded in the Department's order book. No confirmation order is sent via the FMS system by the Finance Office.
- Deliveries will be accepted and checked by a member of the Catering Department.
- Invoices will be checked and signed, by the Catering Supervisor or the Cook, to confirm that all items were correctly ordered and received, the cost is as agreed and that the invoice should be cleared for payment.
- The order book will be reviewed weekly by the Business Manager, as budget holder, and signed as part of the Monthly checks within the Catering Department.

41 Charge Cards

- 41.1 The School maintains a credit card to assist in the purchasing of “on-line” items. All procedures covering approval and payments are the same as for normal purchases except that the official order is not produced. The statement and accompanying journal must be signed by the Business Manager.

The balance on the credit card statement is paid, in full, monthly by direct debit.

The credit card limit is set at £4,000. This limit can be increased to suit a particular need of the school, for a specified duration, on the advice of the Business Manager following approval by the Principal and Chair of Finance and Resources Group or Chair of Governors, depending on availability.

42 Income

- 42.1 The main source of income for the School are the grants from the DfE / ESFA. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the School are collected.

- 42.2 The School also obtains income from:

- on-site partners – recharges for sports facilities
- students - for trips, events and supplies
- public - for lettings

42.3 Trips

- 42.4 A Trip Leader (usually a member of the teaching staff) must be appointed for each trip to take responsibility for all aspects of the organisation. The Trip Leader must prepare a financial costing which will be approved by the Business Manager. A letter detailing the trip will be drafted by the Trip Leader and approved by the Business Manager prior to circulation to the students. All other documentation must be prepared by the Trip Leader in line with the trips / events procedure. The Trip Leader must liaise with the Finance Office throughout the planning of the trip / event.

- 42.5 Students should make payments via ParentPay (the School's preferred method) or at the Finance Office. A receipt will be issued for all monies collected and the value and the number of the receipt recorded against the student making the payment. These payments will be recorded within PFM.

- 42.6 The Finance Assistant shall maintain an up to date record for each student showing the amount paid and the amount outstanding. This record shall be sent to the lead teacher as requested. The lead teacher will liaise with the Finance Assistant who will chase any outstanding amounts.

Staff are not permitted to operate Bank or Building Society Accounts for school purposes, such actions are insecure and could easily affect personal tax positions.

Reconciliations are to be actioned on a monthly basis by the Finance Technician.

Further details are available in the Trip, Visits and events Protocol.

42.7 Lettings

- 42.8 The Site and Community Manager is responsible for maintaining records of bookings, facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities unless it is specifically agreed through discussion that payment can be made within 14 days of the event.

Organisations using the facilities shall be instructed to send all payments to the Finance Office.

42.9 Bad Debts

No individual debts shall be written off without approval as noted below:

- | | |
|------------------|--|
| up to £1,000 | - Business Manager may authorise write-off and subsequently report to the Principal and Finance and Resources Group |
| £1,001 - £5,000 | - Principal may authorise write-off and subsequently report to the Finance and Resources Group and Full Governing Body |
| £5,001 - £10,000 | - Finance and Resources Group and subsequently report to the Full Governing Body |

The DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter - £10,000.

43 Custody

- 43.1 Official, pre-numbered School receipts shall be created by the cash till and issued for all cash and cheques received where no other formal documentation exists. The cash till is balanced at the end of each day and all cash and cheques must be kept in the Finance Office safe prior to banking. Banking shall take place at the end of each day. There is an insurance limit of £6,000 on the Finance Office safe.

The banking will be collected by G4S on a set nominated day and delivered, the next day, to the Lloyds Bank plc. branch in Bristol Road, Gloucester.

- 43.2 Monies collected must be banked in their entirety to the appropriate bank account. The Finance Technician 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.

44 Cash Management

44.1 Bank Accounts

- 44.2 The opening of all accounts must be authorised by The Governing Body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

44.3 Deposits

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

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

44.5 Payments and withdrawals

- 44.6 All cheques and other instruments authorising withdrawal from School bank accounts must bear the signatures of any two of the authorised signatories.

- 44.7 This provision applies to all accounts, public or private, operated by or on behalf of The Governing Body of the School. Authorised signatories shall not sign a cheque relating to goods or services for which they have also authorised the expenditure.

As the Business Manager undertakes the bank reconciliation on a monthly basis, they will not sign any cheque unless as a last resort to ensure a payment is made on time or to collect the petty cash.

44.8 Administration

44.9 The Business Manager 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 School's cash book
- reconciliations are prepared by the Business Manager
- reconciliations are subject to an independent review carried out by the Responsible Officer (RO)
- adjustments arising are dealt with promptly

44.10 Petty Cash Accounts

44.11 The School maintains a maximum cash balance of £500. The cash is administered by the Finance Technician and is kept in the Finance Office safe.

44.12 Deposits

The only deposits to petty cash shall be from cheques cashed specifically for the purpose. The receipt shall be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason shall be paid directly into the bank.

44.13 Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £50, unless the Business Manager approves a higher payment at Principal's request. Higher value payments shall be made by direct payment directly from the main bank account as a cash book payment.

44.15 Administration

The Finance Technician is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts shall be undertaken by the Business Manager to ensure that the cash balance reconciles to supporting documentation.

44.16 Physical Security

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

44.17 Cash Flow Forecasts

The Business Manager is responsible for preparing a cash flow report as part of the Monthly Management Pack. The Finance Assistant is responsible for inputting transactions to the cash flow forecast to ensure that the School has sufficient funds available to pay for day to day operations. This forecast will be used to inform the Business Manager of the exact timing when payments can be released. If significant balances can be foreseen, steps shall be taken to invest the extra funds. Similarly plans shall be made to transfer funds from another bank account or to re-profile GAG funding to cover potential cash shortages.

44.22 Investments

44.23 Investments must be made only in accordance with written procedures approved by The Governing Body.

44.24 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

45 Fixed assets

45.1 Fixed Asset register

45.2 All items purchased with a value over the School's capitalisation limit must be entered in an asset register. The asset register shall include the following information:

- asset description
- serial number (where relevant)
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- depreciation
- current book value
- location

The school's Tangible Fixed Assets Protocol is available from the Staff Handbook and provides additional information.

45.3 Asset Register

All items purchased that are portable, desirable and are potentially attractive to others, as well as any assets with an intrinsic value will be recorded in the Asset Register. This Asset Register is different to the Fixed Asset Register as items are not required to be capitalised.

The Asset Register helps to:

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

45.4 Security of assets

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

45.6 All the items in the register should be permanently marked, where possible, to identify them as the School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register shall be investigated promptly and, where significant, reported to the Business Manager or Principal. Inventories of School property shall be kept up to date and reviewed regularly.

45.7 Where items are used by the School but do not belong to it this shall be noted.

46 Disposals

46.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager and, where significant, shall be sold following competitive tender. Disposal

of equipment to staff is not encouraged, as it may be more difficult to evidence the School obtained value for money in any sale or scrapping of equipment. However, where an accurate value can be obtained or the asset has little value remaining, a sale to staff can be authorised by the Business Manager or Principal. It is essential that all complications with the disposal of equipment, and specifically computer equipment be authorised by the Business Manager or Principal as the School would need to ensure licences e.g. software programmes have been legally transferred to a new owner.

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

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

47 Loan of Assets

47.1 Items of School property must not be removed from School premises without the authority of the Business Manager, or in their absence a Finance Technician. The loan must be fully discussed with appropriate steps taken and be recorded on a loan agreement and booked back in when it is returned.

47.2 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a "benefit-in-kind" for taxation purposes. Loans shall therefore be kept under review and any potential benefits discussed with the School's auditors.

48 Loss of Assets / Equipment

Actual or suspected loss of equipment should be notified to the Business Manager immediately.

49 Monitoring and Review

The Senior Leadership Team shall review this policy every 2 years subject to any relevant changes in the Academy Financial Handbook to ensure that it meets legal requirements and reflects best practice.