



## Contents

	<b>Page</b>
1 Introduction	4
2 Organisation	4
3 Accounting System	9
4 Financial Planning	10
5 Payroll	14
6 Purchasing	16
7 Income	23
8 Cash Management	26
9 Fixed Assets	31
10 Whistle Blowing/ Fraud	33
11 Risk Register	34
12 Related Party Transactions	34
13 Leases	35

## **CUL Academy Trust Limited**

### **Finance Manual: Policy & Procedures**

The main purpose of this Policy is to set a framework for sound financial management and boundaries within which the Principal, Governors and staff can operate. The school's financial arrangements comply with the current Academy financial regulations.

**Ratified at a Full Governing Body meeting on the:**

**Signed by: -**

**Principal** \_\_\_\_\_

**Chair of Governors** \_\_\_\_\_

Finance and Resources Committee will ensure compliance with the requirements of the Academy Financial hand book, funding arrangements and other relevant documents. Good working practices will ensure that:

- Financial planning secures the academy's short and long term financial health
- Governors and managers are kept well informed of the academy's current and forecast financial position
- The Academy has in place sound internal controls and risk management over its operations
- Proper and regular use of public funds and that the academy can demonstrate that funds granted by Parliament have been used as intended.
- Governors must ensure that the academy operates in a transparent, ethical and accountable way.

# 1. Introduction

1.1 The purpose of this manual is to ensure that the academy 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 academy will comply with the principles of financial control outlined in the academies guidance published by the DfE. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual and shall be read by all staff.

# 2. Organisation

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

## The Governing Body

2.2 The main function of the Governing Body is to promote the success of the academy by directing and supervising the academy's affairs within the remit of the Companies Act 2006, the Charities Act 2011 and in accordance with the Academies 2010 and the academy's Articles of Association.

The main responsibilities include:

- Provide strategic direction of the academy by establishing and implementing:
  - The aims and objectives of the academy
  - The policies and procedures for achieving the aims and objectives
  - The targets for achieving the aims and objectives.
- Monitor, review and evaluate the progress the academy is making towards achievement of its aims and objectives.
- Ensure compliance with the academy's values and objectives and the accountability of the Governing Body and the academy on a whole.

- Ensure the protection and management of academy property and to ensure the proper investment of the academy's funds.
- Be a source of challenge and support to the Principal and other Senior Leaders using independent judgement.
- Be a responsible employer by determining the staffing and management structure of the academy and ensuring high performance.

## **The Finance Committee**

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

2.4 The main responsibilities of The Finance Committee are detailed in written terms of reference which have been authorised by the GB. The main responsibilities include:

- Set the financial parameters for the Principal and other applicable members of staff, outlining powers of delegation in line with the academy's Funding Agreement and approve any subsequent amendments to the Financial Standing Orders and Financial Delegations to the Principal.
- Oversee the implementation of the spending plans of the Principal as delegated and monitor all expenditure in line with the approved Financial Scheme of Delegation of the academy, feeding back to the Governing Body any concerns.
- Review the annual budget for approval, considering the parameters (including for voluntary contributions) and any proposed revisions and indicating any proposed use of contingency reserves and surplus balances carried forward from the previous year.
- Establish and maintain a financial plan taking into the account forecast projections and the priorities of the Academy Improvement Plan within the constraints of available information, including any building development and capital investments.

- Review the annual financial statements summarising the academy's financial position and consider any matters arose in the accompanying management letter.
- Ensure effective financial and audit systems are in place to enable accurate accounts and effective risk management is maintained, particularly in respect of private funds and approve a Statement of Internal Control.
- Monitor and review all aspects of maintenance and repair or improvement to the buildings, grounds and plants, ensuring all health and safety requirements are met and noting any leasing arrangements.
- Ensure the academy is sufficiently staffed for the fulfilment of the academy's teaching objectives and effective operation of the academy in line with the annual and longer-term salary budgets, considering any other costs relating to personnel and ensuring sufficient funds are set aside for pay increments.
- Offer advice to the Governing Body. Senior Leaders and Finance Team in respect of financial matters as and when required.

## **The Principal**

2.5 Within the framework of the academy development plan as approved by the board the Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Principal who retains responsibility for:

- approving new staff appointments within the authorised establishment, staff posts which the GB has agreed shall be approved;
- authorising contracts between £10,001 and £20,000 in conjunction with the GB
- signing cheques in conjunction with the Finance Manager or other authorised signatories.

## **The Finance Manager**

2.6 The Finance Manager works in close collaboration with the Principal through whom he is responsible to the Governing Body. The Finance Manager

also has direct access to the Governing Body members via the Finance Committee. The main responsibilities of the Finance Manager are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the academy financial position at an operational level within the framework for financial control determined by the board;
- 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 academy;
- The preparation of monthly management accounts;
- Ensuring finance forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

### **The Responsible Officer**

2.7 The Responsible Officer (RO) is appointed by the board and provides board members with an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the board with independent assurance that:

- The financial responsibilities of the board 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 Responsible Officer will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as lay down by the Governing Body. A report of the findings from each visit will be presented to the Finance Committee.

### **Other Staff**

2.9 Other members of staff will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are

responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures. All staff must comply with Nolan's Principles of Public Life; Selflessness, Integrity, Objectivity, Accountability, Leadership, Openness and Honesty.

## **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 academy Governing Body members and staff, with significant financial or spending powers, are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

2.11 The academy trusts register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies and senior employees, including:

- Directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- For each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

2.12 The disclosures shall also include business interests of relatives such as a parent, sibling, spouse or business partner where influence could be exerted over a board member or a member of staff by that person.

2.13 The Academy must publish the register of interests on the website.

2.14 The existence of a register of business interests does not, of course, detract from the duties of board members 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, board members and staff shall not attend that part of any committee or other meeting.

2.15 Any conflicts of interest must be managed by the Governing Body.



### **3. Accounting system**

3.1 All the financial transactions of the academy must be recorded on the approved accounting system Sage 50 in a timely manner. The system is operated by the Finance Manager.

#### **System Access**

3.2 Entry to the accounting system is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed as appropriate.

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

#### **Back-up Procedures**

3.4 Data shall be copied onto a form of removable medium and the copy stored in a secure place preferably in a fireproof container as well as being backed up on the stand alone accounting laptop. Backup copies shall be taken every time accounting system is accessed and updated.

3.5 The back-ups shall not be recorded on the same removable medium each time as this may result in only one copy being available. In order to provide more protection from the loss of data at least two different mediums shall be used in rotation and stored in different locations. At least one copy shall be stored off-site.

3.6 A disaster recovery plan will be implemented in the event of loss of accounting facilities or financial data. This shall link with the annual assessment made by board members of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

#### **Transaction Processing**

3.7 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 purchase ledger and the sales ledger are included in the following sections of the manual. Bank transactions

shall be input by the Finance Manager and the input shall be checked, and signed to evidence this check, by the Principal.

### **Transaction Reports**

3.8 The Finance Manager will obtain and review system reports to ensure that all transactions are posted to the accounting system. The report obtained and reviewed will include:

- Amendment reports for the payroll, purchase ledger and sales ledger;
- Management accounts summarising expenditure and income against approved budget

### **Reconciliations**

3.9 The Finance Manager is responsible for ensuring the following reconciliations are performed bi-monthly, and that any reconciling or balancing amounts are cleared as soon as possible:

- Sales ledger control account;
- Purchase ledger control account;
- Payroll control account;
- Suspense accounts and
- Bank balance per the nominal ledger to the bank statement.
- Petty Cash

3.10 Any unusual or long outstanding reconciling items must be brought to the attention of the Principle/Governing Body. The Finance Manager will review and sign all reconciliations as evidence of this review. This will then be given to the Principal for review and authorisation of any journals required.

## **4. Financial planning**

4.1 The academy prepares both medium term and short-term financial plans.

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

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

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

### **Development Plan**

4.5 The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy'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.

4.6 The form and content of the development plan are matters for the academy 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.

4.7 Each year the Principal will propose a planning cycle and timetable which allows for:

- A review of past activities, aims and objectives
- Definition or redefinition of aims and objectives
- Development of the plan and associated budgets
- Implementation, monitoring and review of the plan
- Feedback into the next planning cycle

4.8 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.

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

4.10 For each objective a lead responsibility will be allocated to ensure progress is made towards the objective.

## **Annual Budget**

4.11 The Principal supported by the Finance Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be balanced and approved by the Finance Committee and the Full Governing Body ahead of submission to the EfA.

4.12 The approved budget must be submitted to the EfA by 31<sup>st</sup> July each year and the Finance Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.13 The annual budget will reflect the best estimate of the resources available to the academy 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.

4.14 The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of EfA grant receivable;
- Review of other income sources available to the academy to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of the academy cost base;
- Identification of potential efficiency savings and
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

## **Balancing the Budget**

4.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income 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 a satisfactory surplus of income over expenditure is identified.

4.16 If the trust cannot balance the budget or hold a surplus after unspent funds from previous years are taken into account, then the Governing Body must notify the EFA within 14 days if it is formally proposing to set a deficit budget.

### **Finalising the Budget**

4.17 Once the different options and scenarios have been considered, a draft budget shall be prepared by the Finance Manager for approval by the Principal, the Finance Committee and the Full 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.

4.18 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 not be changed in year, only monitored against so that performance can be measured against the agreed budget.

### **Monitoring and Review**

4.19 Monthly reports will be prepared by the Finance Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Finance Committee.

4.20 Any potential overspend against the budget in the first instance will be discussed with the Principal.

4.21 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. Budget virements may be agreed by the Principal in conjunction with the Finance Manager if there is no change to the overall position of the budget. Any budget adjustments that impacts on the overall position of the budget must be authorised by the Finance and General Purposes Committee and only changed in exceptional circumstances.

### **Budget Forecasting**

4.22 The trust will forecast based on past expenditure and income streams identified and confirmed ahead of the deadline. Forecasts will form part of the medium term financial plan.

4.23 CUL Academy Trust must submit a copy of the budget forecast in a form specified by the EfA by 31<sup>st</sup> July.

## **5. Payroll**

5.1 The main elements of the payroll system are:

- Staff appointments/Leavers;
- Payroll administration and
- Payments and deductions

### **Staff Appointments**

5.2 The Governing Body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval, in the first instance of the Full Governing Body who must ensure that adequate budgetary provision exists for any establishment changes.

5.3 The Principal has authority to appoint staff within the authorised establishment, except for Vice Principal whose appointments must follow consultation with the Governing Body members. The Senior Administrator maintains personnel files for all members of staff which include contracts of employment. All personnel changes with a budgetary implication must be notified, in writing, to the Finance Manager's Office on a monthly basis via the payroll change request form (located with Senior Administrator).

### **Payroll Administration**

5.4 The academy payroll is administered by the Finance Managers Office, whose reports are analysed and approved by the Principal before the payroll is run. Access to the system is password controlled. Password control procedures and back-up arrangements are described in section 2 of this manual.

5.5 All contracted staff is paid monthly. The database monitoring salary payments will include the:

- Salary;
- Bank account details;
- Taxation status;
- Personal details;
- Any deductions or allowances payable

5.6 Payroll files can only be created by Finance Manager with the express approval of the Principal. Any master file amendments made by the Finance Manager must only be processed on receipt of written instructions from the Principal. Any master file amendments made by the Finance Manager must be authorised by the Principal.

5.7 The Senior Administrator sends details for all staff in the section of sickness and other absences to payroll on a weekly basis. The Finance Manager consolidates this information and on a monthly basis that the relevant information is entered onto the payroll system files the documents for payroll processing. Any new appointments or terminations must be notified to the Finance Manager immediately when known.

5.8 The Senior Administrator will notify the Finance Manager of any amendments to staff details by the payroll change request deadline detailed on the Finance Annual work programme (located Admin:Finance/Finance Monthly Calendar). Data input to the payroll system shall be undertaken by the Finance Manager on a continual basis. All documentation is date stamped on receipt. After entry the documents are signed and dated by the Finance Manager to confirm entry. Before the payroll is processed a gross/net listing of all payments is sent to the Principal for verification. This list will be checked against the monthly salary sheets submitted by the Finance Manager. All data will be reconciled.

## **Payments**

5.9 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total shall be obtained from the system. The print must be reviewed, compared to the gross/net listing by the Finance Manager before sending to be authorised together with authority to release payment by the Principal.

5.10 All salary payments are made by Bank Transfer.

5.11 The Finance Manager will review this report, note as necessary and sign it. The report will be counter signed by the Principal and then filed with the appropriate month's payroll.

5.12 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and reconciliations for these amounts shall be prepared by the Finance Manager and authorised for payment by the Principal by the due date.

5.13 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 Finance Manager shall review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly up-dated and to identify any amounts posted to the suspense account.

5.14 On an annual basis the Finance Manager and the Finance Committee must check 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 in the administration office.

## 6. Purchasing

6.1 The academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of public life:

- **Selflessness**, employees should act solely in terms of the public interest.
- **Integrity**, employees must avoid placing themselves under any obligation to people or organisations that might try to inappropriately influence them in their work. They should not act or take decisions in order to gain financial or other material



benefits for themselves, family or their friends. They must declare any interests or relationships.

- **Objectivity**, employees must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
- **Accountability**, employees are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness**, employees should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
- **Honesty**, employees must be truthful.
- **Leadership**, employees should exhibit these principles in their own behaviour. They should promote and robustly support the principles and be willing to challenge poor behaviour where it occurs.

## **Routine Purchasing**

6.2 The Principal will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the Principal to manage the budget and to ensure that the funds available are not overspent. A printout detailing actual expenditure against budget will be supplied 15 working days after the end of each month and Principal is encouraged to ensure that all purchases made by staff are authorised by the Principal, input on a purchase order form and given to the Finance Manager to ensure this spend is allocated against the budget.

6.3 Three quotes or prices must always be obtained, before any order is placed. If the Principal considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Finance Manager and recorded in writing.

6.4 All orders must be made, or confirmed, in writing using a purchase order form, stocks of which are held in the Finance Manager's Office. Requisitions must bear the signature of the Principal and must be forwarded to the Finance Manager's Office.

6.5 Orders will be produced automatically from the accounting system, allocated a reference number and dispatched to the supplier by the Finance Manager.

6.6 All staff purchasing goods or services must make appropriate arrangements for the delivery of goods to the academy. On receipt the requester must undertake a detailed check of the goods received against the purchase order (PO) and make a record of any discrepancies on the goods delivered and the GRN. Discrepancies shall be discussed with the supplier of the goods without delay. The GRN must be checked and signed before being returned to the Finance Manager's Office. This must take place as soon as possible.

6.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Manager should be notified. The Finance Manager will keep a central record of all goods returned to suppliers. All invoices shall be sent to the Finance Office. Invoice receipt will be recorded by the Finance Manager in the purchase ledger. The Finance Manager will stamp invoices with a grid against which the following can be evidenced:

- a) Registered;
- b) Goods/services received;
- c) Invoice authorised for payment;

6.8 The invoice will then be checked against the original purchase order and signed delivery note and if complete entered on the finance system for payment. If there are any differences in the documents the invoice will be sent to the Department for signature completion. The Senior Administrator must make a detailed check against the order, delivery note and invoice before it is sent back to the Finance Manager's Office.

6.9 All issues regarding suppliers are to be kept under consideration. Frequent issues will result in the supplier being removed from the approved suppliers list.

6.10 If there are any queries with a supplier the Finance Committee must be informed of the query and periodically kept up to date with progress.

6.11 The Finance Manager will then input details of payments to be made to the purchase ledger and generate the payments required. The payments and

associated paperwork must be authorised by two of the nominated cheque signatories.

6.12 Cheques or Faster payments will be dispatched to suppliers by the Finance Manager. Invoices will then be filed, numerically and stored in the Finance office.

### **Orders over £2,001 but less than £5,000**

6.13 At least three written estimates or price lists shall be obtained for all orders between £2,001 and £5,000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by the finance team 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: but all should be written up.

### **Orders over £5,001 but under £50,000**

6.14 At least three written estimates shall be obtained for all orders between £5,001 and £50,000 to identify the best source of the goods/services. Written details of documents obtained shall be retained by the Finance function for audit purposes. Telephone quotes are not acceptable. Approval from the Principal will need to be sought before any purchase is finalised.

### **Orders over £50,001**

6.15 All goods/services ordered with a value over £50,001, or for a series of contracts which in total exceed £50,001 must be subject to formal tendering procedures. Purchases over £50,371 excluding VAT (threshold from 18/09/14) may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 2e to the Academies Financial Handbook.

### **Forms of Tenders**

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The Principal/ Finance Manager must discuss and agree with the APSS how best to advertise for supplier's 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 is such that only specific suppliers can be expected to supply the academy's requirements,

- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

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

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

## **Preparation for Tender**

6.17 Full consideration shall be given to:

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

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

### **Invitation to Tender**

6.19 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

6.20 An invitation to tender shall include the following:

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

### **Aspects to Consider**

#### ***Financial***

- Like 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/Suitability***

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

#### ***Other Considerations***

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

### **Tender Acceptance Procedures**

6.21 The invitation to tender shall state the date and time by which the completed tender document shall be received by the academy. 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.

### **Tender Opening Procedures**

6.22 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 up to £20,000 - two staff members, Finance Manager or the Principal;
- For contracts over £20,000 - the Principal plus a member of the Governing Body.

6.23 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 both people present at the tender opening.

### **Tendering Procedures**

6.24 The evaluation process shall involve at least two people from the Full Governing Body. 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.

6.25 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

6.26 Full records shall be kept of all criteria used for evaluation and for contracts over £20,000. A report shall be prepared for the Finance and General Purposes Committee highlighting the relevant issues and recommending a decision. For contracts under £20,000 the decision and criteria shall be reported to the Finance Committee.

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

6.28 The accepted tender shall be the one that is economically most advantageous to the academy. All parties shall then be informed of the decision.

### **Nominated Supplier**

6.29 The Academy can appoint a nominated supplier from the Suppliers list when the service or material is specialised. Approval must be given by the Finance and General Purposes committee under these circumstances.

## **7 Income**

7.1 The main sources of income for the academy are the grants from the DfE and from our consultancy support work. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the academy are collected.

7.2 The academy also obtains income from:

- Schools Pupil referrals
- Students trips,
- and staff meals income

## **Schools Pupil referrals**

7.3 A referral meeting is held prior to commencement of a placement at CUL Academy Trust with The Principal, Vice Principal and the referrers. During this meeting funding is discussed and agreed.

7.4 Once funding has been agreed a copy of the signed funding agreement form will be sent to the Finance Manager for action. A copy of this form will be held in the Pupil file as well as the Finance Office.

7.5 Sales invoices will be processed on a termly or monthly basis only. A credit note will be issued if at any time the duration of the placement is cut short.

7.6 All sales invoices are strictly 30 days payment, as part of the monitoring process the Principal and the Governing Body are updated with the current outstanding invoices at period end.

7.7 The Finance Manager will ensure all outstanding invoices are chased for payment on a monthly cycle.

## **Student Trips**

7.8 Current trips at CUL Academy are free; however should there be a requirement that pupils will have to pay for excursions the following must be adhered to.

7.9 A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Manager.

7.10 Students should make payments at the Senior Administrator's Office. A record of all receipts will be kept at the Senior Administrator's Office. Receipts will be issued for all transactions.

7.11 The Senior Administrator shall maintain an up to date record for each student showing the amount paid and the amount outstanding. This record shall be issued to the lead teacher on request and the lead teacher is responsible for chasing the outstanding amounts.



## **Cash banking**

7.12 Official, pre-numbered academy receipts shall be issued for all cash received where no other formal documentation exists. All cash and cheques must be kept in the Senior Administrator's Office locked cupboard prior to banking. Banking shall take place every month or more frequently if the sums collected exceed the £1,000.

7.13 Monies collected must be banked in their entirety in the appropriate bank account. The Senior Administrator in conjunction with the Finance Manager 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 prior to banking and must be reviewed and certified by the Finance Manager.

7.14 Subject to paragraph 7.11 an exemption exists to use cash from cash dispensers to top up petty cash floats. This may only happen after reconciliation of cash has taken place and only with the authorisation of the Principal and Finance Manager.

## **Employee Meals**

7.15 Any employee that wishes to have a meal from the canteen must order and pay for the meal in advance. Each meals costs £3 per day.

7.16 The employee must tick the box located at the right hand side of the individual signing in sheets and indicate to the Admin staff that would like to pay for the day or for a number of days.

7.17 Once the employee has paid, this is recorded in the duplicate receipt book held in reception and a receipt is handed to the employee along with a raffle ticket with their name on and date for the meal. The ticket must be handed to the kitchen staff to get the meal. All tickets must be handed by the kitchen staff back to Admin after serving. The number of meal tickets will be collated and allocated for payment.

7.18 The Admin staff will update a spreadsheet each day with the number of tickets handed back in as proof of the number of meals served. Any

discrepancies between the catering invoice and spreadsheet held by Admin will be queried with the Finance Manager/Caterers.

7.19 Further information can be found on staff meals within the Cash Handling and banking policy. This is located on the shared staff drive under Policies - X:\Policies.

## **8 Cash Management**

### **Bank Accounts**

8.1 The opening of all accounts must be authorised by the board that must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The Academy uses a method of faster payments to electronically transfer of funds to suppliers. This is completed by the Finance Manager and authorised by the Principal.

### **Deposits**

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

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

Banking of these items will occur once a month following a reconciling of the income received.

### **Payments and withdrawals**

8.3 All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- Principal;
- Other authorised signatory (Governing body member)

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

### **Administration**

8.5 The Finance Manager must ensure bank statements are received regularly and that reconciliations are performed on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled.
- Reconciliations are prepared by the Finance Manager;
- Reconciliations are checked and authorised by the Principal
- Reconciliations are subject to an independent monthly review carried out by the Principal
- Adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

8.6 The academy maintains a maximum cash balance of £200. The cash is administered by the Senior Administrator and overseen by the Finance Manager. Further details are documented in the Petty Cash Procedure located on the Staff drive under Policies - X:\Policies\Petty Cash Procedures.

### **Deposits**

8.7 With the exemption of allowable procedure referred to paragraph 7.12 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.

### **Payments and Withdrawals**

8.8 In the interests of security, petty cash payments will be limited to £50. Higher value payments shall be made by using the employee expenses form.

This will need to be authorised by their line manager before being sent to Finance to be processed for payment directly from the main bank account

8.9 Staff must get approval from the Principal to use petty cash as a method of payment before purchasing and items.

8.10 Petty cash will only be administered once a receipt has been issued. No cash advances are permitted. Staff must use their own funds to purchase items then request reimbursement from the Senior Administrator. Payments will be made promptly.

### **Administration**

8.11 The Senior Administrator is responsible for entering all transactions into the petty cash records on a regular basis. Unannounced cash counts shall be undertaken by the Finance Manager to ensure that the cash balance reconciles to supporting documentation.

### **Physical Security**

8.12 Petty cash shall be held in a locking cash box which is put in a locked cabinet overnight.

### **Cash Flow Forecasts**

8.13 The Finance Manager is responsible for monitoring cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. 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 to cover potential cash shortages.

8.14 Cash flow forecast will be produced once a month with the Management Accounts by the Finance Manager as detailed in the Finance Annual work calendar. These will be shared with The Principal and Governors as per the dates given.

## **Investments**

8.15 Investments must be made only in accordance. With written procedures approved by the Full Governing Body.

8.16 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.

## **Write Offs and liabilities**

8.17 The Academy will obtain the EFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing off debts and losses
- entering into guarantees, letters of comfort or indemnities

8.18 The delegated limits which are subject to a maximum of £250,000 are

- 1% of total annual income or £45,000 (smallest) per single transaction
- Cumulatively, 2.5% of total income in any one financial year per category of transaction for academies that have not submitted timely unqualified audited accounts for the previous two financial years. Or academies that are less than two years old.
- Cumulatively, 5.0% of total income in any one financial year per category of transaction for academies that have submitted timely unqualified audited accounts for the previous two financial years.

8.19 It is the academies responsibility to ensure that all debts are recovered in a timely way. Any debts outstanding must be progressed and various options of recovery utilised before writing off any debts.

## **Severance/Special Payments**

8.20 Full guidance is given in the Academies Financial Handbook.

8.21 Academy trusts have a delegated authority to approve individual staff severance payments provided any non-statutory/ non-contractual payment of

£50,000. Where the trust is considering a non-statutory/ non-contractual payment of above £50,000 the EFA's prior approval must be obtained. For Example

Statutory/ Contractual Payment		Non- Statutory/ Non- Contractual Payment	ERF prior approval required?
£40,000	+	£49,999	No
£80,000	+	£49,999	No
£40,000	+	£50,000	Yes - for £50,000
£80,000	+	£50,001	Yes - for £50,001

## Employee benefits

8.22 Optical tests – CUL Academy will reimburse eyesight tests to the maximum value of £25 for employees falling within the scope of the DSE Regulations.

8.23 Expense claims – Reimbursement of valid expense claims must be authorised by the employee's line manager. All expense must be supported by a valid receipt. No expense claims will be honoured without a receipt.

8.24 Car Mileage – Staff may be reimbursed mileage claims in the event of any meetings off site. Mileage claims must be supported by evidence that business insurance is obtained by the employee. A copy will be held on the employee file for reference. All mileage must be authorised by the Principal. Mileage will be reimbursed at 45p per mile.

8.25 Further information on staff expenses and subsistence can be found in the Staff expenses and subsistence policy located in the shared drive– Admin/Finance/Policies or within the Finance Managers office.

## Delegations and Freedoms

8.26 Where the EFA has concerns about financial management and/or concerns about governance in an academy trust it may issue, and publish a Financial Notice to Improve (FNtI). The Trust must comply with all terms of a FNtI. Failure to comply will be deemed a breach of the funding agreement by

virtue of the relationship between the funding agreement and the Academies Financial Handbook. In exceptional circumstances the funding agreement may be terminated due to non-compliance with the FNtI.

8.27 If a FNtI is issued to a trust then all of the following delegated authorities and other freedoms are revoked.

- Write off and entering into liabilities
- Special payments eg Staff Severance, Compensation payments, ex gratia payments
- Acquisition and disposal of fixed assets
- Operating and finance leases
- Managing and pooling GAG income

All transactions by the Trust of this nature regardless of size must be approved in advance by the EFA. The trust may also be prevented from entering into any transactions with connected parties without the EFA prior approval. These delegated authorities shall be returned to the Trust once the terms set out in the FNtI have been complied with and improvement is sustainable.

## **9 Fixed assets**

### **Asset register**

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

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

## 9.2 The Asset Register helps:

- Ensure that staff takes 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 academy'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 academy'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 Governing Body. Inventories of academy property shall be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this shall be noted.

## **Disposals**

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Principal and, where significant, shall be sold following competitive tender. The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of limits identified in the Academies Financial handbook

9.6 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal



of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

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

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

### **Loan of Assets**

9.9 Items of academy property must not be removed from academy premises without the authority of Principal. A record of the loan must be recorded on a loan agreement with a full set of Signatures and booked back in 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 shall therefore be kept under review and any potential benefits discussed with the academy's auditors.

## **10 Whistle Blowing**

10.1 The Academy has a whistle blowing policy.

10.2 The Academy is aware of the risk of fraud, theft and/or irregularity occurring and as far as possible address this risk with in the internal controls. Employees are encouraged to take appropriate action where fraud, theft and/or irregularity is suspected or identified.

10.3 If there are any irregularities exceeding £5,000 individually or cumulatively in any of the Academy's financial years. The Academy will notify the EFA, as soon as it is operationally practical based on the circumstances

10.4 Any unusual or systematic fraud, regardless of value must also be reported. The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and why not)
- whether insurance cover or risk protection arrangements have offset any loss

## **11 Risk register**

11.1 The Academy as part of its internal controls reviews the risk register annually. A combination of the Responsible Officer and internal audits will support the on-going review of systems and procedures to mitigate risks.

11.2 Once the risk register has been updated the Responsible Officer/The Principal will advise all personnel of the updated version. The version will be held centrally on the staff shared network drive - X:\Risk register.

## **12 Related Party Transactions**

12.1 Principles relating to connected party relationships state that the Academy Trust must be even handed in their relationships with connect parties by ensuring that:

- Trustees understand and comply with their statutory duties as company directors to avoid conflict of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements.
- All members, trustees, local governors of academies and senior employees have completed a register of interests retained by the trust. There must be measures in place to manage any conflicts of interest.

12.2 The Academy must not pay no more than 'cost' for goods or services provided to it by the following persons (services do not include services provided under contract of employment):

- Any member or trustee of the CUL Academy Trust

- Any individual or organisation connected to a member or trustee of CUL Academy Trust. For these purposes the following persons are connected to a member or trustee:
  - A relative, member of the same household, child, parent, spouse or civil partner.
  - An individual or organisation carrying on business in partnership with the member, trustee or relative of the member or trustee
  - A company in which a member or the relative of member hold more than 20% of the share capital or voting power.
  - An organisation which is controlled by a member or the relative of a member (acting separately or together)

12.3 The 'at cost' requirement does not apply to the trusts employees unless they are also one of the parties described above.

12.4 The effective date for 'at cost' requirement applies to contracts for goods and services agreed by the trust on or after 7<sup>th</sup> November 2013.

12.5 The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust. For these purposes, where a contract takes the trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be no more than at cost.

12.6 The 'at cost' requirement will be costed based on prior year values. Total direct expenditure per pupil will be calculated at year end to ensure current year 'at cost' limits.

12.7 The Finance Manager will advise the Principal once the limit has been exceeded. The Principal will make a decision as to continue or cease trading with connected parties.

## **13 Leases**

13.1 The Academy will only enter into an agreement for operating leases and not finance leases. All lease agreements will have to be authorised by the Finance Manager prior to any agreements being signed.