



# Financial Regulations Manual

This policy has undergone an Equalities Impact Assessment in line with the requirements of the Public Sector Equality Duty

Committee:	Shadow Trust Board
Policy Ratified:	24 February 2020
Review Date:	September 2020

Additional School Procedure – N/A	
Committee:	
Procedure Adopted:	
Review Date:	

The layout and content of this document from the period of 1<sup>st</sup> March to 31<sup>st</sup> August 2020 recognises that upon the merger of the three former Trusts; Harbourside Learning Partnership, Ocean Learning Trust and Saturn Education Trust that predominantly the financial processes and controls will remain the same due to existing systems, operational models and banking arrangements still being in place. A new accounting, budgeting, HR and payroll system will be implemented by September 2020 which will align all schools in the Partnership. At this stage this document will be reviewed and amended to reflect the new processes and controls which will aligned across ALL schools in the Partnership

The following sections of this document define the overarching principles and processes that are consistent across Coastal Learning Partnership:

- Financial Planning
- Payroll
- Procurement
- Income – Overview
- Cash Management – Trust Level
- Fixed Assets
- Competitive Tendering Procedure (Appendix A)
- Changes to Staffing and Establishment (Appendix B)
- New Supplier Checklist (Appendix C)

The following sections will remain ‘as is’ across the Schools but will be different for each set of Schools under the previous Trusts of Harbourside Learning Partnership, Ocean Learning Trust and Saturn Education Trust:

- Accounting System
- Purchasing/Ordering procedures
- Income procedures
- Cash Management – School/Bank Account Level
- Credit cards
- Finance Authorisation Levels (Appendix E)

The detailed procedures for each previous Trust can be found in the Appendices Di)-iii) to this document.

- CLP prepares both an annual budget for the next academic year and a 3 year rolling plan.
- The Head of Finance will prepare and circulate a Budget Parameters document each year by the end of March to provide a framework for consistency and application for the budget and planning process.

### **Budget Cycle**

- The budget cycle is as follows:
  - **Autumn term (Sept-Dec)**
    - Implementation of current budget including upload to accounting systems.
    - Monitoring of the budget against actuals via the monthly management accounts process for September and October accounts.
    - Revisit current year budget via forecasting for November month end management accounts and monitor actuals against the forecast going forward.
    - Reconciliation and closure of previous financial year.
  - **Spring term (Jan-Mar)**
    - Revisit November forecast for March month end management accounts and monitor actuals against this revised forecast.
    - Preparation and circulation of budget parameters document.
    - Pre-planning for new budget process including system readiness.
  - **Summer term (Apr-Jul)**
    - Submission of ESFA Budget Forecast Return Outturn for current year (based on year to date March actuals + 5 month forecast up to end of Aug). This is due for submission around the middle of May.
    - Set budgets for next financial year and approval by and Full Trust Board.
    - Submission of ESFA Budget Forecast Return for next financial year. Due end of July.

### **Annual Budget**

- The School Finance Managers and Headteachers are responsible for preparing the annual budget utilising the key assumptions in the Budget Parameters document.
- The Head of Finance is responsible for preparing the central team budget for approval by the CEO and Full Trust Board.
- The Management Accountant and/or the Head of Finance is also responsible for reviewing all school budgets for consistency and compliance with the Budget Parameters document as well as consolidating all budgets for approval by the Resources Committee and the Full Trust Board.
- The approved budget must be submitted to the ESFA in their required format by the ESFA specified date (typically the last week of July). The Head of Finance is responsible for establishing a timetable which allows for the approval process and ensures the submission date is met.
- The annual budget will reflect the best estimate of the resources available to each school in the MAT for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the Partnership's overall objectives and the School Improvement/Development plans.
- The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change it is easier for all concerned to take remedial action.

- It is the responsibility of the School Finance Manager and the Head Teacher at each school to ensure that ALL staffing contracts per the payroll administration tool are accurately reflected in the budgeting tool.
- Full details of what elements are to be incorporated and considered within the budget is contained in the annual Budget Parameters document.

### **Balancing the Budget**

- The budget should be set in accordance with the Partnership's reserves policy which states that a realistic budget should be set by the school with a Partnership reserves % target of 5%-7%.
- If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until the reserves are compliant with the Partnership's reserves policy.
- If, during early drafts of the budget it is evident that the reserves of the school will run into a deficit position then the Head of Finance must be engaged to work with the school to eliminate the shortfall and ensure that sufficient levels of Partnership reserves are in place to support such a deficit.

### **Monitoring and Review**

- Budgets will be loaded onto the accounting systems at the start of September to be monitored as part of the management account process.
- The original budget will always remain as approved and there will be no virements however adjustments can be made for known deviations via the forecasts process reflected in the management accounts. As well as the regulatory required forecast process for the ESFA based on March year-to-date actuals one other formal forecast process will also be completed in the year based on November management accounts. The forecast of each school will be reviewed by the Management Accountant and/or the Head of Finance or for the central CLP forecast by the CEO with a Partnership consolidated summary position reported to the Resources Committee.
- Any significant known changes (+/- £2,500 on any one reported cost centre/nominal or +/-cumulative £5,000 impact on the in-year surplus/deficit) should be immediately reflected in the forecast on the next set of monthly management accounts.
- Monthly management accounts will be prepared by each School Finance Manager and consolidated by the Head of Finance. The reports will detail actual income and expenditure against budget at cost centre level (for September and October accounts) and against forecast (November accounts going forward) for schools and at a summary level for the CEO and Trustees. Commentaries on the summary level reports will flag any exceptional items to the CEO and Trustees.
- Any potential overspend against the budget/forecast will be flagged by the accounting system when entering purchase orders and invoices. Commentaries should be provided to explain variances against budget/forecast on the monthly management accounts.
- The monitoring process will be completed by each school, including review by the Management Accountant and/or Head of Finance and by the Headteacher by working day 18 each month (excluding the summer holidays) with final consolidation being completed by the Management Accountant, with review by the Head of Finance and the CEO by the final working day of the following month to which the accounts relate.
- In accordance with the Academies Financial Handbook the final monthly consolidated accounts are circulated for review to the Chair of Trustees, the Chair of the Resources Committee and the Finance Trustee by the end of the following month to which the accounts relate (i.e. October management accounts will be sent by 30<sup>th</sup> November).

**Staff Appointments/Changes to Establishment**

- All staff appointments are made in accordance with the Scheme of Delegation and in accordance with the Partnership's Safer Recruitment policy.
- Any changes to the establishment list of the school should follow the process described in Appendix C.

**Payroll Administration**

- The Partnership payroll is administered by a chosen external provider (CP), currently Bournemouth, Christchurch and Poole local authority.
- All staff are paid on the penultimate day of the month or earlier if this date falls on a weekend. The payroll administration tool will hold the following information for each employee which records:
  - Salary;
  - Bank account details;
  - Taxation status;
  - Personal details and
  - Any deductions or allowances payable.
- Each school will appoint its own payroll lead who is responsible for updating the payroll system, Vision. This will typically be the Operations Manager or a member of the Administration team or can be a member of the CLP central HR team dependant on the resources available and the existing procedures at each school.
- Each payroll lead is responsible for processing any appointments, leavers and other amendments on the administration tool according to the monthly timetable issued by the CP. Such changes need to be authorised in accordance with the Scheme of Delegation. The CP will be responsible for ensuring all other changes notified from other sources are processed (e.g. minimum wage, pension, tax codes etc.).
- The CP will prepare a monthly timetable ensuring that there is sufficient time for processing, review and payment of payroll.

**Payments**

- Following the processing of payroll by the CP the following reviews will take place before payments are made:
  - A review of all draft payslips by the payroll lead using month on month comparison reports and the establishment list from the prior month as a guide.
  - A reasonableness review by the Head of Finance which looks at the monthly total per school and compares to prior months.
  - Sign-off of the monthly total by school by the CEO.
- All salary payments to staff are made by BACS from CLP's central account. The schools each pay for their own payroll costs through the recharges process (see Section 8.5)
- 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 to HMRC and Teachers' Pension will also be made by BACS out of the CLP central bank account.

- After the payroll has been processed, the CP will provide the Head of Finance with data to be uploaded into the nominal ledger, the relevant section of the CLP report will be distributed to each School Finance Manager. Postings will be made both to the payroll control account and to individual cost centres. The School Finance Managers should review the payroll control account each month to ensure the correct amount has been posted.
- The Management Accountant is responsible for ensuring the payroll control account for the Partnership reconciles to the outstanding payments for deductions on a monthly basis.

### Salary Advances

- The Partnership does not award salary advances.

### Overtime

- All overtime claims will be processed in the Payroll Administration tool by the payroll lead and copies of supporting timesheets and approvals kept on file.
- No overtime claims will be made in advance of the work being carried out.
- All overtime will be agreed by the line manager in advance of undertaking the work.
- No payments for work undertaken will be made other than through the payroll system.

### Severance payments

- The Partnership is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.
- Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.
- Each business case must be reviewed and approved as per Authorisation Limits in Appendix A.

### Ex-gratia payments

- Any ex-gratia payments must be submitted to ESFA for prior approval.

## 4 PROCUREMENT

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

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

The principles of Best Value are applied to securing continuous improvement and will ensure;

- All services are of a high quality that provide good value for money, meet the needs of their users and contribute positively to the general ethos of the Trust and its academies;
- Resources are deployed to secure the continuous improvement in the means through which the Academies functions are exercised;

- All expenditure is relevant to the Trust and Academy Improvement Plans and is regularly reviewed;
- Due consideration has been given to Post OFSTED Inspection Plans (if applicable) in compiling the school budget;
- All premises/supplies and services' contracts agreed by the Trust and Academies are reviewed periodically and are the most effective, economic and efficient;
- The Trust aims to ensure that it is a well-managed organisation that supports and values the contribution made by its workforce.

## 5 INCOME - OVERVIEW

- The main sources of income for CLP and its Schools are the grants from the ESFA. The receipt of these sums is monitored directly by each Finance Manager via the management accounts process, who is responsible for ensuring that all grants due to CLP are collected. Any non-receipt of ESFA funding should be immediately raised with the Head of Finance.
- CLP's Schools also obtains income from:
  - The local authority – mainly for special needs and nursery funding
  - Parents - mainly for trips, hot school meals (Junior schools only), wraparound care/clubs, music lessons and uniforms;
  - The public - mainly for lettings.

### Gifts & Hospitality

- Occasionally the School itself or members of staff may be offered gifts or hospitality from third parties such as suppliers. The situations in which acceptance is permitted and the procedures needed to enforce the policy are detailed in the CLP *Anti-Fraud and Corruption Policy*. This policy also covers School gifts to staff. If there is any doubt guidance should be sought from the Head of Finance.

## 6 CASH MANAGEMENT – TRUST LEVEL

### Bank Accounts

The opening of all accounts must be authorised by the Trust Board 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.

### Administration

- The Finance Managers/Management Accountant 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 statements are reconciled to the cash book in the accounting system;
  - Reconciliations are subject to an independent monthly review carried out by the Management Accountant;
  - Adjustments arising are dealt with promptly and advice sought from the Head of Finance for any outstanding items greater than six months' old

## **Bank Account transfers/Partnership recharges**

- Bank account transfers are made on a monthly basis at the start of each month between the Partnership central bank account and each of the school/underlying bank accounts. The purpose of this recharge is to pay out to the schools their monies received in the central bank account from the ESFA less deductions for payroll and other recharges that may have been charged centrally but relate to the schools own budgets.
- The recharge schedule is prepared by the Management Accountant and reviewed by the Head of Finance
- For Lloyds Online either the Management Accountant or the Head of Finance may process the transfers and provide first approval but the second approval online must be by either the CEO, the Chair of Trustees or the Chair of Resources Committee.

## **Cash Flow Forecasts**

The School Finance Managers, under the direction of the Management Accountant, are responsible for preparing cash flow forecasts on a monthly basis to ensure that their school has sufficient funds available to pay for day to day operations. If significant balances can be foreseen steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages.

## **Investments**

- Investments must be made only in accordance with written procedures approved by the Trust Board.
- 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.
- There is a central Partnership Investment policy providing further guidance on investment opportunities.

# **7 FIXED ASSETS**

## **Asset register**

All items purchased with a value over the School's capitalisation limit of £ 1,000 must be entered into an Asset Register. The Asset Register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from DFE grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset



The Asset Register helps:

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

### **Security of assets**

- Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- All items in the Register should be permanently and visibly marked 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 should be investigated promptly and where significant reported to the Trust Board. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it, this should be noted.

### **Disposals**

- Items which are to be disposed of by sale or destruction must be authorised in accordance with the Scheme of Delegation limits. The School must also seek the approval of the ESFA in writing if it proposes to dispose of any asset which originally cost more than £20,000.
- 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. In addition, there are complications with disposal of computer equipment as the school would need to ensure licences for software programmes have been legally transferred to a new owner.
- 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.
- All disposals of land must be agreed in advance with the Secretary of State.

### **Loan of Assets**

- Items of CLP and Schools property must not be removed from premises without the authority of the respective Headteacher or CEO. A record of the loan must be documented and signed back in to the School when it is returned.
- If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with CLP's auditors.

### **Leasehold or Tenancy Agreements**

As per the CLP's Funding Agreements any new leasehold or tenancy agreements that are entered into must have ESFA approval in advance and must be signed by either the Chair of Trustees or the Chair of Resources Committee.

## 1. Aims

This policy aims to ensure that:

- The school Partnership's funds are used only in accordance with the law, its articles of association, its funding agreement and the Schools Financial Handbook
- The Partnership's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable Trustees and company directors

## 2. Legislation and guidance

The [Schools Financial Handbook](#) states that school Partnerships are required to have a competitive tendering policy, and ensure that European Union (EU) procurement thresholds are observed.

This policy is based on the Schools Financial Handbook and [Department for Education \(DfE\) guidance on procurement](#).

This policy also complies with our funding agreement and articles of association.

## 3. Procurement Thresholds

The procurement process selected must be in accordance with the table below and documentation held on file:

Estimated Value of Procurement	Procurement process
£0 to £1,000	No quotes need to be obtained however value for money must be considered
£1,000 to £5,000	A minimum of 2 informal quotes with supporting emails to keep on file. Or 2 internet quotes with printouts from websites retained with the order
£5,000 to £50,000	A minimum of 3 written quotes. These quotes should be based on a specification provided by the School/Partnership
£50,000 to OJEU limits	CLP own tendering process
OJEU limits (currently £164,176)	Procurement process to be run in accordance with the EU Procurement Regulations

## 4. Estimating the value of a procurement/contract

- The estimation of the value of the purchase/contract should be calculated on a whole-of-life basis. This is defined as the value of the goods/services provided, including any extension over the length of the contract period. The thresholds above should be applied cumulatively across all schools in the Partnership where the contract is applicable
- For any contract length of greater than 4 years or an indefinite life a de minimus timeframe of 4 years should be applied.

- The whole-life cost of the contract includes:
  - The sale price of the goods, works or services
  - Delivery charges
  - Maintenance costs
  - Running costs
  - The cost of removing and disposing of an item or service once we no longer need it

## 5. **Tendering procedure: Purchases of £5,000 to £50,000**

When making purchases of £5,000 to £50,000 without a framework agreement, the Partnership will use the process outlined below. Full evidence of all steps of this process must be retained for audit purposes. All purchases/contracts must be authorised in accordance with the Financial Authorisation Levels as per Appendix Ei)-iii)

- a. **Create a specification** – a specification document will set out what suppliers need to understand what we are looking to buy, including the quality, quantity and delivery date
- b. **Compare suppliers** – a comparison of different suppliers, including their reputation, will help the Partnership develop a shortlist of at least 3 suppliers we want to approach for a written quote
- c. **Assess quotes** – an award criterion will be developed to assess suppliers' quotes. Criteria may include:
  - How well the supplier meets our specification
  - The whole-life cost of the contract, which may include:
    - The sale price of the goods, works or services
    - VAT
    - Delivery charges
    - Maintenance costs
    - Running costs
    - The cost of removing and disposing of an item or service once we no longer need it
  - Whether there will be price increases or decreases over the life of the contract
  - Value for money

Each aspect of the criteria will be scored on a scale of 1 to 5, with 5 being the highest score. A record of how the quotes are evaluated will be kept.

The School Finance Manager will evaluate quotes with support from the Head of Finance

When we contact suppliers, we will send them:

- The specification
- Deadlines for quotes and when decisions will be made
- Instructions for how to ask clarification questions about the specification

- d. **Place an order** – when the best value quote is identified and approved as per the Financial Authorisation Levels in Appendix A, we will send the supplier a purchase order, which includes details of the:

- Goods, works or services we are purchasing
- Price
- Delivery address
- Delivery deadline and any other important dates
- Payment schedule

## 6. Framework Agreements

Where possible, we will use a framework agreement to contract suppliers for purchases/contracts >£50,000. These are arrangements that a contracting authority, such as a public sector buying organisation, makes with suppliers. The benefits of frameworks are that they have already been through a competitive tender process and they have favourable terms and conditions. In addition, the framework provider may offer advice and support.

Depending on the framework we choose, we will either pick the best value supplier from a list or run a mini-competition between listed suppliers. In either case, we will follow the DfE guidance on procurement (see section 2 of this policy) to ensure good practice. The reasons for the choice of framework, and for the choice of supplier, will be clearly recorded.

## 7. Tendering Process: Purchases/CONTRACTS > £50,000

The Partnership will make high-value purchases without a framework only in rare circumstances and only with legal support. When this does happen, we will use the process below.

- Create a specification** (see section 5)
- Assess the market** – we will prepare for the tendering process by developing our knowledge of the market. We will find out how many suppliers are available and the best way to advertise our contract to a range of suppliers
- Check the school's position in relation to EU procurement thresholds** (see section 3)
- Develop a service level agreement (SLA)** – an SLA sets out the standards of service expected from a supplier. Some suppliers may have their own SLAs, which the Partnership will consider using on a case-by- case basis
- Develop a contract** – a contract will include terms and conditions, a contract management plan and an exit strategy
- Reduce the number of bids** – to reduce the number of bids the Partnership needs to evaluate, we will either use an expression of interest process to gauge interest in the contract or a pre-qualification questionnaire
- Establish how we will assess quotes** – we will set out criteria that will allow us to evaluate which of the suppliers' bids best meets the requirements in our specification, and is the most economically advantageous tender that best combines cost and quality

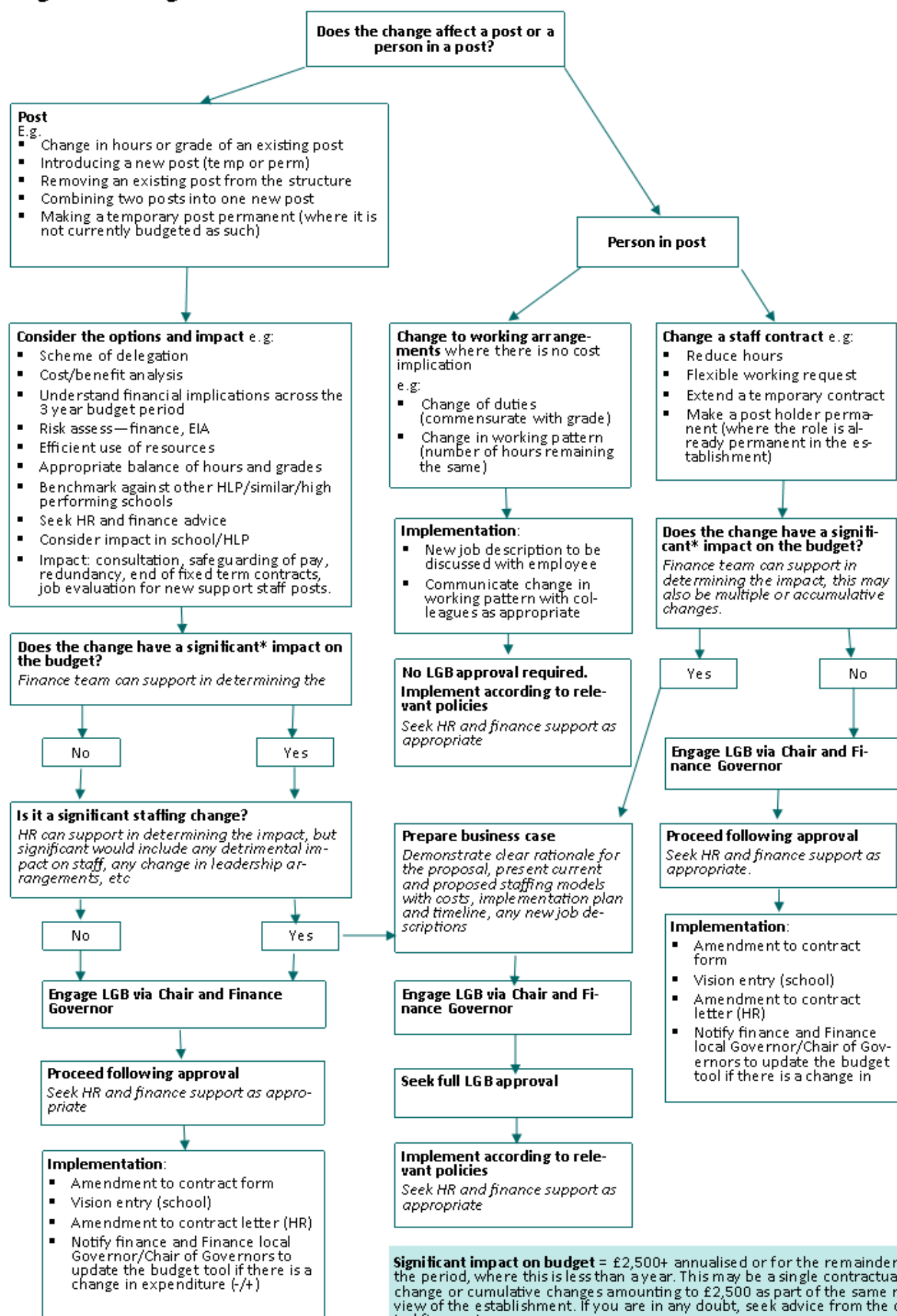
- h. Create a timeline for the tender process** – this will include the dates of the clarification period, the deadline for submitting tenders and the date we expect to award the contract
- i. Prepare an invitation to tender** – this will include:
- A covering letter with a timeline for the process
  - Instructions on how suppliers can ask clarification questions and submit their tender
  - The specification
  - A pricing schedule
  - Any SLA requirements
  - The contract's terms and conditions
  - Contract management requirements (see 'develop a contract' above)
  - Award criteria, including the scoring system and any weightings
  - If appropriate, an invitation for suppliers to give a practical demonstration of their goods, works or services
- j. Advertise the contract** – the contract will be advertised where suppliers are likely to look, such as:
- The Official Journal of the European Union (OJEU) – this is a requirement if the contract is over the EU procurement threshold
  - The government's Contracts Finder service
  - Local or national newspapers
  - Education publications or websites
  - Trade magazines
- k. Run the tender process and provide clarifications**
- l. Evaluate tender responses** – at least 2 people will independently score and evaluate each bid, and then compare notes after completing their evaluations; records of decision making and moderation decisions will be kept
- m. Notify suppliers and award the contract**
- n. Finalise the contract** (and advertise the award, if the contract was advertised in Contracts Finder or the OJEU)
- o. Abandoning the tender process** – on very rare occasions we may need to halt the tender process. Should this occur, we will notify suppliers who are preparing their bids as soon as possible

## **8. Monitoring arrangements**

The Resources Committee is responsible for the implementation of this policy.

This policy will be reviewed and approved by the Resources Committee annually and when EU procurement thresholds change.

## Changes to Staffing



## New Supplier Checklist

Supplier Name: .....

Address: .....

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Telephone Number: .....

VAT Number (if applicable): .....

Description of goods / services: .....

Payment method: BACS / Cheque / Credit Card

(BACS is preferred method)

Payment Term (e.g. 14 days): .....

Is the phone number a landline? Yes / No

Complete a reverse check on the phone number (type into online search engine)

Does it link to a connected website? Yes / No

Check the company website - Does it have a contact page / details? Yes / No

Does the address and phone number on the website correspond to the above details? Yes / No

Is there unnecessary advertising on the website? Yes / No

Does it have a https tag? Yes / No

For limited companies, check it appears on Companies House website?

<https://beta.companieshouse.gov.uk/>

Does the Companies House Registered address correspond to the address detailed above? Yes / No

Check the VAT number is valid using this web-link –

[http://ec.europa.eu/taxation\\_customs/vies/vieshome.do](http://ec.europa.eu/taxation_customs/vies/vieshome.do)

or call – 0300 200 3700

Are the payments terms for invoices / BACS payment less than 7 days? Yes / No

Have you verified the bank account details via a phone call?.....Yes/No

Is the supplier a related party (i.e. are the responsible persons of the supplier connected to the Partnership in anyway? If yes, please provide details? Yes/No

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If you have answered 'No' to any of the above please provide further explanation as to the validity of this supplier (e.g. personal recommendation, used by another school in the Partnership)

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Have you researched other suppliers to ensure value for money? (Brief description required)

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If you have exceptions to any of the above or cannot satisfactorily complete the checklist, please refer to HEAD OF FINANCE for final sign off.

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I have completed all the above checks and am satisfied this is a valid supplier:

..... Sign off by Finance Manager / Finance Officer

..... Date

I have reviewed this checklist and am satisfied this is a valid supplier:

..... Sign off by Headteacher

..... Date

(If required) I have reviewed the exceptions above and am satisfied this is a valid supplier:

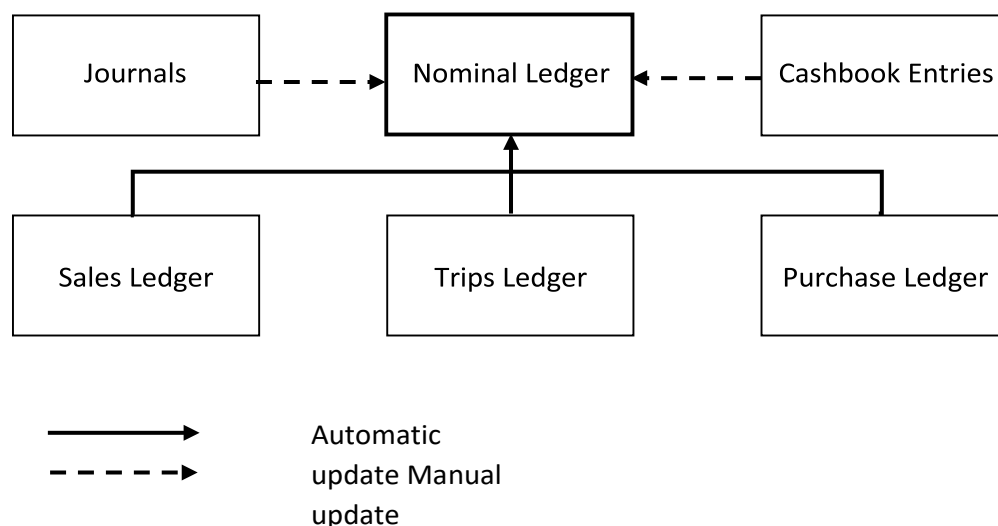
..... Sign off by Head of Finance

..... Date



## 1 ACCOUNTING SYSTEM

All the financial transactions of the Partnership must be recorded into a computerised financial information accounting system. This system is PS Financials ('PSF'). The system is operated by the finance teams of the Partnership and consist of:



### System Access

- Entry into the accounting systems are password restricted and the Head of Finance is responsible for implementing a system which ensures that passwords are changed every 6 months. A 'one-time only' password is generated by the Head of Finance which must then be changed by each user.
- Access to the component parts of PSF is set by the Head of Finance, who is responsible for setting access levels for all members of staff using the system. Requests for changes to access or new access requests must be authorised and processed by the Head of Finance.

### Back-up Procedures

- All databases are hosted by PSF (cloud based) and not on the Partnership's servers. As such, PSF are responsible for the back-up and recovery of our accounting systems. A routine back-up is taken every night by PSF.

### Transaction Processing

- The financial transactions of the school must be recorded in accordance with the Partnership's approved accounting policies and recorded on the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- The Partnership has a standard chart of accounts which will be used by all schools. Requests to set up new nominal accounts or cost centres need to be made to the Head of Finance or the Central Team Finance Officer who have the only rights to the access levels in PSF to make such structural changes.
- Detailed information on the operation of the Financial Information System can be found in the PSF user manuals.

## Transaction Review

- The School Finance Managers will review all journals posted by the Finance Officers where applicable as part of preparing the management accounts to ensure they are valid, regular transactions.
- The Management Accountant and/or Head of Finance will review the transactions on the accounting systems via the monthly review of the management accounts comparing actuals to budget/forecast. This review will include the identification of any journals > £5,000 to ensure they are appropriate.

## Reconciliations

- The Head of Finance has overall accountability for all reconciliations with School Finance Managers responsible for ensuring the following reconciliations are performed each month for their own school with relevant back-up provided and that any reconciling or balancing amounts are cleared:
  - Sales ledger control account
  - Purchase ledger control account
  - Payroll control account
  - Bank balance per the nominal ledger to the bank statement
  - VAT control account
  - Any other balance sheet accounts
- Any unusual or long outstanding reconciling items must be brought to the attention of the Management Accountant who will advise a course of action in accordance with the regulations contained in this manual and inform the Head of Finance and/or Resources Committee if appropriate.

## 2 PURCHASING PROCEDURES

For the purposes of this section the Finance Department is defined as the individual School's own finance resources. This may be a School Finance Manager only or a School Finance Manager and Finance Officer.

### Routine Purchases/Orders

- Budget holders 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 budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not yet invoiced) against budget will be prepared by the School Finance Manager each month end or can be requested at any time by the budget holder.
- Budget holders will be responsible for requesting the purchase of items or services from their own budgets and in accordance with the Scheme of Delegation: Financial Authorisation Levels detailed in Appendix A.
- For all new suppliers a checklist should be completed (as per Appendix D) to ensure the supplier is valid and reputable. The checklist should be completed by the Finance Officer or Finance Manager and then signed off by the Headteacher.

- Orders will be placed using the School's internal ordering form or via an email from the budget holder's school email account to the Finance Department. All order documentation must have a physical signature.
- On receipt of a purchase requisition the Finance Department will carry out a check to determine if sufficient funds are available in the appropriate budget. Where funds are available the Finance Department will raise a Purchase Order in the accounting system and send directly or via the budget holder to the supplier. Nominal account and cost centre will be entered for the order using the School's coded budget in accordance with the Chart of Accounts.
- Authorisation levels are set up in the accounting system in accordance with the Scheme of Delegation: Financial Authorisation Levels table laid out in Appendix A and the relevant authoriser will receive a notification from the accounting system to approve the order once the Purchase Order has been processed on the system.
- Once the goods have been received it is the budget holder's responsibility to check to the original order and pass on any delivery/Goods Received notes to the Finance Department which will then be processed on PS Financials.
- All invoices will be sent direct to or forwarded onto the Finance Department for processing and should be checked against the original order/Goods Received Note for accuracy. A note should be made on the purchase invoice of the PS Financial invoice reference (e.g. POIN 1314) & the date of posting for audit trail purposes.
- Once paid via BACS or cheque the invoice and payment should immediately be allocated on PS Financials to avoid the invoice appearing on a subsequent payment run and being paid twice. A note of the method of payment (BACS/Cheque) and the payment date should be noted on the invoice.
- All orders/goods received notes and invoices should be retained for a minimum of six years.
- No orders or invoices for alcohol must be placed or processed through the schools' accounts.
- See Appendix B for the Competitive Tendering Policy detailing the procurement process to be followed for differing values of orders/contracts.

### **Internet Purchases**

- At all times, the same rigour of internal control must be placed on internet purchases as is applied to routine purchases detailed above with regard to segregation of duties and authorisation controls.
- The Finance Department will be authorised to place online purchases. The internet order must be raised in the name of the school with the school's address, not to an individual.
- Requests should be made to the Finance Department in the normal manner (via internal order form or email with physical signature) with the Finance Department raising the order on PS Financials and where possible the order number (e.g. PORD 2243) quoted on the internet order as a cross reference.
- The preferred method of payment for internet purchases will be the request of an invoice from the supplier which can be paid via the school's normal payment route.

- Payment by a school business charge card can be made where required as per Section 9. Payment by an individual's personal credit card must not take place unless in accordance with the 'Out of Pocket' expenses limits in Appendix A.
- Official VAT invoices/receipts, delivery notes and other relevant documentation should be obtained for all internet purchases and retained as per the Routine Purchasing section above.
- All purchases should only be made from secure websites that the Finance Department has gained reassurance are safe and free from fraudulent activity. The use of online auction websites is not recommended.

### **3 INCOME PROCEDURES**

#### **Trips**

- A lead staff member must be appointed for each trip to take responsibility for the collection of sums due. The staff member must prepare a record for each pupil intending to go on the trip showing the amount due. A copy of the record must be given to the School Finance Manager.
- Parents should make payments to the school via the online payment tool if applicable where a receipt can also be downloaded. For any cash received a receipt must be issued and the value of the receipt and the number of the receipt recorded against the pupil making the payment.
- The School Finance Manager should maintain an up-to-date record for each pupil showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.
- The School Finance Manager is responsible for ensuring that all monies received either online or in cash are accurately recorded in PSF against the correct trip cost centre.
- A central Educational Visits policy provides further detailed guidance of the other considerations necessary.

#### **Lettings**

- The School Finance Manager/Finance Officer at each school is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation.
- Details of organisations using the facilities will be held by the School Finance Manager/Finance Officer who will establish a sales ledger account and produce a sales invoice from the PSF accounting system in advance of the facilities being used.
- No debts should be written off without the express approval of the Head of Finance or the Trust Board, as determined by the Scheme of Delegation.
- Organisations using the facilities should be provided with the school's bank details so monies can be paid directly into the bank.
- The HEAD OF FINANCE will hold a central record of ALL lettings at each school. The School Finance Managers will update the HEAD OF FINANCE when changes occur.
- A central letting policy provides further detailed guidance of the other considerations necessary, especially with regard to safeguarding.

## **Custody**

- Official, pre-numbered school receipts (or appropriate signed supporting documentation) should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the School's safe prior to banking. The insured limit for cash on site is £5,000 per school but it is Partnership's policy to bank all cash at least once a week either at a bank branch or via secure transport.
- Monies collected must be banked in their entirety in the appropriate bank account. The School Finance Manager/Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

## **4 CASH MANAGEMENT – SCHOOL/BANK ACCOUNT LEVEL**

### **Deposits**

- Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
  - The amount of the deposit and
  - A reference, such as the number of the receipt or the name of the debtor

### **Payments and Withdrawals**

- All BACS authorising withdrawal from CLP bank accounts must have the online approval of two authorised signatories as per the banking mandate.
- The first approver on Lloyds Online banking system would be the processor of the BACS batch and can be one of the following:
  - Head of Finance
  - School Finance Officer
  - School Finance Manager
- The second approver on Lloyds Online banking system and the final authoriser of the BACS batch MUST be one of the following:
  - CEO
  - Headteachers
  - Member of school SLT
  - Chair of Trustees
  - Chair of Resources Committee
- On second approval a copy of the BACS reports from Lloyds online alongside all supporting invoices should be presented to the approver. The following should be checked:
  - Ensure all supporting invoices are valid
  - Check the invoices amounts back to the BACS report
  - Check the BACS report total agrees to the BACS batch total online
- Cheques must be physically signed by two signatories, one from each of the groups above.

- Any change to existing supplier bank account details or any new supplier bank accounts details must be verified with the supplier over the phone.
- This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board.

### **Petty Cash Accounts**

Each School may maintain a maximum cash balance of £250. The cash is administered by the School Finance Manager/Finance Officer and is kept in the office safe.

- **Deposits**

Deposits for petty cash are made from the banking. The receipt should be recorded on the cash book with the date, amount and a reference.

- **Payments and Withdrawals**

In the interests of security petty cash payments will be limited to £50 and only after a minimum of 2 days' notice has been given to the School Finance Officer. If possible payments are made by BACS. The School Finance Manager/Headteacher approval is required for all payments apart from Headteacher payments which will be authorised by another member of the School's SLT. Payments to the School Finance Officer which will be authorised by the Headteacher.

In the instance where disaster recovery procedures have been invoked the payment and value of any expenses would be at the discretion of the Headteacher and as deemed appropriate to the situation.

- **Administration**

The School Finance Manager/Finance Officer is responsible for entering all transactions into the petty cash records in the cash book as they are paid and regular month end as well as unannounced cash counts should be undertaken to ensure that the cash balance reconciles to supporting documentation.

- **Physical Security**

Petty cash should be held in a locking cashbox which is put in the safe overnight. Only the School Finance Manager plus one other delegated person in each School should hold a key to the cashbox.

## **5 CREDIT CARDS (BUSINESS CHARGE CARDS)**

A maximum of 4 credit cards can be issued per school with a combined credit limit of £5,000

Partnership and school credit cards can be used for purchasing online only where a supplier is unable to accept BACS payment. BACS is the preferred payment method of the Partnership and staff should take appropriate measures where possible to minimise the use of credit cards;

- All credit card purchases should be authorised prior to payment being made. An order can be requested via the school's own purchase requisition form or via email with a physical signature in accordance with the authorisation levels in Appendix A.

- All credit card receipts should be logged on PSF as a credit card expense document type. This can be done monthly at the point at which the credit statement is received to ensure completeness of transactions and reconciliation back to the payment of the credit card.
- Credit cards should only be held by authorised card holders as approved by two signatories in accordance with the banking mandate.
- PIN numbers and passwords should be known only by the card holder and should be regularly changed.
- Monthly statements should be checked and all documents supporting the payments should be retained with the statement.
- All charge cards should be held in a safe and signed for if being used off site.
- Accounts must be reconciled and balanced back to receipts on a monthly basis.

No cash withdrawals are permitted on the card.

Credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

A direct debit arrangement has been set up to clear the card balance in full at the end of each month.

## 1 ACCOUNTING SYSTEM

### Accounting system

All the financial transactions of the Trust must be recorded on the PS Financials accounting system. The PS Financials system is operated by the Finance Department.

### Transaction Processing

- The financial transactions of the school must be recorded in accordance with the Partnership's approved accounting policies and recorded on the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- The Partnership has a standard chart of accounts which will be used by all schools. Requests to set up new nominal accounts or cost centres need to be made to the Head of Finance or the Central Team Finance Officer who have the only rights to the access levels in PSF to make such structural changes.
- Detailed information on the operation of the Financial Information System can be found in the PSF user manuals.

### Transaction Review

- The School Finance Managers will review all journals posted by the Finance Officers where applicable as part of preparing the management accounts to ensure they are valid, regular transactions.
- The Management Accountant and/or Head of Finance will review the transactions on the accounting systems via the monthly review of the management accounts comparing actuals to budget/forecast. This review will include the identification of any journals > £5,000 to ensure they are appropriate.

### Reconciliations

- The Head of Finance has overall accountability for all reconciliations with School

Finance Managers responsible for ensuring the following reconciliations are performed each month for their own school with relevant back-up provided and that any reconciling or balancing amounts are cleared:

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- Bank balance per the nominal ledger to the bank statement
- VAT control account
- Any other balance sheet accounts

Any unusual or long outstanding reconciling items must be brought to the attention of the Management Accountant who will advise a course of action in accordance with the regulations contained in this manual and inform the Head of Finance and/or Resources Committee if appropriate.



## **2 PURCHASING PROCEDURES**

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

Purchases invoices can originate in the two streams;

- Through the Purchase Ordering process - This will be the standard purchasing process
- Not through the Purchase Ordering process - This will be used for such expenditure as rent, rates, utilities i.e. water, gas, electricity and telephone, refuse disposal and sanitary bins collection, franking machine top-up, supply cover, exam fees, educational visit costs, payment against contracts (i.e. photocopiers, security, catering, cleaning, water coolers), payments against buy back agreements (i.e. payroll provider, EWO services etc.), emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or maintenance calls ), transport costs.

### **Ordering**

#### **PS Financial Web portal**

Signed Purchase Order requisitions are entered on the web portal by the finance team. The list of authorised suppliers is controlled by the Finance staff and new suppliers are added on the approval of the Finance Manager.

The goods are receipted by the Finance staff on the PS Financial Web portal after written confirmation is received from the requisitioner that the goods and services have been received.

The Web portal gives a Budget Holder report in real time actual to date, commitments, budget and balance remaining.

#### **PS Financial Distribution**

This determines the work flow and routes the requisition to its following stages in accordance with criteria pre-set on the PS Financial system – ability to create, move, amend or view only. The facility to undertake budget checks before orders are committed can be switched on via the PS Financial Distribution. The initial status of each user determines at what stage of the work follow the users can join the ordering process:

- Purchase Order Authorisation (POAUT)
- Delivery notes (GRN)
- Invoices (INV)

An internal order form is completed by the requisitioner, and is then signed off and approved by the budget holder. When the Finance staff are satisfied that the supplier is appropriate; the correct nominal and account; that there is adequate budgetary provision and that quotations have been obtained if necessary they raise an authorised Purchase Order (POAUT).

The goods are receipted by the Finance Staff (GRN) on the PS Web portal and matched to Invoices (INV). Separation of duties is adhered to as the budget holders sign the Invoices as confirmation that goods and services have been received. If any goods are rejected or returned to the supplier because they are not

as ordered or are of sub-standard quality, the Finance team should be notified. Before signing the invoice, the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Office for processing. Budget holders must undertake these checks without undue delay and in any case within seven days of invoice receipt.

The workflow ensures that without the necessary authorisation at each stage of the purchasing process, by the approved staff, that the order will not progress to the next level.

### **PS Financial Document Emailer**

The authorised orders and sales Invoices are communicated to the Suppliers and Customers by email by the Finance Staff. It also allows remittance advices to be sent to suppliers once the BACS payment method goes live.

### **Further information**

Copy invoices are not to be paid until exhaustive checks have been made to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice “invoice not previously passed for payment” and signing.

Under no circumstances are payments to be paid against statements to suppliers.

Where appropriate, adequate checks are to be made that the contractors employed for buildings work – maintenance and repairs etc. – have Public Liability Insurance Cover, minimum value £5,000,000. It is the responsibility of the Chief Operating Officer to ensure that this is complied with.

It is the responsibility of the Finance Manager to ensure that the conditions of the Construction Industry Tax Scheme are complied with.

Any order or purchase which is estimated to exceed £10,000 in value, for the supply of goods, materials or services will be subject to 3 competitive quotations. For amounts between £10,000 and £50,000, documentary evidence of the various quotations must be obtained and attached to the purchase order. Approval of contracts over £50,000 will only be made after following the Trust’s tendering procedure.

## **3 INCOME PROCEDURES**

Although cash and cheque collection should be kept to a minimum the following procedures apply when it is unavoidable:

- All income received should be recorded immediately and a receipt issued, if required.
- When a receipt is issued a copy will be given to the payer and the duplicate copy kept by the school’s office team.
- All monies received must be banked intact as soon as is practicable.
- All cheques banked must be entered on the bank paying-in slip and recorded in PS Financials (see below);
- For normal day-to-day transactions, the Finance Manager will be responsible for receiving and banking of income.
- Personal cheques will not be cashed from money received and due to the Trust.
- The Finance Manager will ensure that all VAT on income is treated in accordance to the VAT manual.
- Individual Academies will ensure that the Insurance limit set on the safe is not compromised.

## Write Offs

The Head teacher is authorised to write off any debt owing to their Academy up to a value of £500.00 for any one item, provided that he/she is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect school meals debts; letters; damage to the school or contents; charges levied by the school (e.g. music tuition).

All write offs are to be reported to the Trust board, however, any debt in excess of £500.00 shall be considered and written off by the Trust Board.

Records of write offs shall be kept.

## 4 CASH MANAGEMENT – SCHOOL/BANK ACCOUNT LEVEL

### Cheque and BACs Payments

**BACS payments are the Trust's preferred payment method. A cheque will only be raised in exceptional circumstances.**

**Cheque** - The cheque signatories are any two from the Trust's mandate and in accordance of the regulations contained in the scheme of delegation.

- It is accepted that it is good practice for the person originating the cheque not to be one of the signatories on the cheque.

Finance Manager is designated to control cheques and must ensure that:

- All cheques are securely stored;
- All cheques are entered correctly on the financial management system;
- Spoiled cheques are marked as cancelled and retained;
- Minimum re-order levels are established;
- A system of periodically ensuring that all cheques are properly accounted for, i.e. they are still in stock or have been used;

If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the Late Payments of Commercial Debts (Interest) Act 1998.

The Finance Manager must ensure that all prime records are retained for six financial years and stored in a secure cabinet (or similar) in a secure and logical manner.

A copy of the computer-generated schedule of cheques will be retained within the Finance Department. Original invoices must be marked to ensure duplicate payments are not made, together with details of the cheque number, date sent etc.

**BACs** - Ocean Learning Trust's preferred method of payment is via BACs. All BACs payments must be authorised by two Bank Account Administrators. Where possible the Authorisers should not be the person who has created the BACs file in PS Financials.

All BACs payments must be filed in a logical manner with a copy of BACs Transmission File. Payment files, via BACs, should be created to only pay invoices due before the payment date.

One BACs payment should be run per week, unless it is necessary to make an urgent payment.

## **5 CREDIT CARDS (BUSINESS CHARGE CARDS)**

One Trust debit card and a limited number of charge cards (Allstar fuel, Trade UK) are issued for small value transactions in accordance with The Trust regulations. All cards should be held in a safe and signed for if being used off site. Accounts must be reconciled and balanced to receipts on a monthly basis.

The Trust debit card can be used for purchasing online. An order should be raised and entered on the system in the usual way, in line with the Financial Authorisation Limits (Appendix Eii)).

Following authorisation, the transaction is processed by the Finance team.

**1 ACCOUNTING SYSTEM**

All the financial transactions of the Trust must be recorded into a computerised financial information accounting system. This system is Civica. The system is operated by the finance teams of the Trust.

**Transaction Processing**

- The financial transactions of the school must be recorded in accordance with the Partnership's approved accounting policies and recorded on the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- The Partnership has a standard chart of accounts which will be used by all schools. Requests to set up new nominal accounts or cost centres need to be made to the Head of Finance or the Admin and Finance Team Leader (AFTL) who have the only rights to the access levels in Civica to make such structural changes.
- Detailed information on the operation of the Financial Information System can be found in the Civica user manuals.

**Transaction Review**

- The School Finance Managers will review all journals posted by the Finance Officers where applicable as part of preparing the management accounts to ensure they are valid, regular transactions.
- The Management Accountant and/or Head of Finance will review the transactions on the accounting systems via the monthly review of the management accounts comparing actuals to budget/forecast. This review will include the identification of any journals > £5,000 to ensure they are appropriate.

**Reconciliations**

- The Head of Finance has overall accountability for all reconciliations with School Finance Managers responsible for ensuring the following reconciliations are performed each month for their own school with relevant back-up provided and that any reconciling or balancing amounts are cleared:
  - Sales ledger control account
  - Purchase ledger control account
  - Payroll control account
  - Bank balance per the nominal ledger to the bank statement
  - VAT control account
  - Any other balance sheet accounts
- Any unusual or long outstanding reconciling items must be brought to the attention of the Management Accountant who will advise a course of action in accordance with the regulations contained in this manual and inform the Head of Finance and/or Resources Committee if appropriate.

## 2 PURCHASING PROCEDURES

### Orders for Goods and Services

Orders for goods and services should be made on the Trust Finance system. The processing of reimbursements for goods/services bought by staff on behalf of a school is **strongly discouraged**.

Orders will be raised by the Finance User role on receipt of a requisition authorised by the appropriate person (AFTL/HoS/Exec Head, dependent on value).

Activity	Detailed Task	Responsibility
Placing orders	Approve requisitions	Finance User, AFTL, HoS
	Validate order value within budget	Finance User
	Agree requisition above limit of the budget line	Exec Head, Board
	Agree purchase above delegated limits	Board
	Place orders	Finance User
Obtain quotes	Seek providers, request quotes Approve orders	Finance User, Finance Lead & AFTL
	Place orders	Finance User, Finance Lead, AFTL, Exec Head & Board (depending on value) Finance User
Invite to tender	Seek providers invite to tender	AFTL
	Award Contracts	Exec Head, Board (dependent on value)
	Sign Contract Agreements	HoS, AFTL, Exec Head & Board (dependent on value)
	Place orders	AFTL
Deliveries	Check delivery against order Return and/or exchange goods	Finance User Finance User
	Validate delivery	Finance User
Invoices and Payments	Authorise invoices (sign paper copy)	Finance user, AFTL, HoS, Exec Head (dependent on value)
	Process authorised invoices on finance system	Finance User
	Pay authorised invoices electronically via BACS	Finance User/Finance Lead AFTL
	Sign authorised cheques	2 bank signatories as per the bank mandate.

Any e-purchasing, telephone or verbal orders should be confirmed by an official order. Segregation of duties is used wherever possible. Invoices are processed by the Finance User and cheques, BACS payments are authorised/signed by at least two of the designated signatories.

Charge card holders have delegated purchasing powers to make payments up to their delegated limits on their cards.

It will not always be possible however to have completed segregation of duties due to the limitation of staffing arrangements in each school office.

The processing of non-order invoices is discouraged. Instances where processing non-orders invoices is acceptable include those relating to:

- Pre-authorised payments via a direct debit mandate.
- Pre-authorised contract and service level agreement.

Invoice will be paid when the finance user has shown approval that the goods and services have been received and are of quality expected. Payment should be made within reasonable time limits and discounts taken for quick payment where appropriate, ensuring that the invoice is paid within the supplier's terms.

The AFTL is responsible for the correct accounting of all income due to, and cash collected by the schools. Where possible the AFTL will ensure that the responsibility for determining sums due to the schools is separated from the responsibility for collecting and banking such sums.

Cash handling should be kept to a minimum and whenever possible and practical, transactions should be processed electronically or by cheque. Monies should be kept in the safe and secure place and promptly paid into the bank.

Cash is usually collected for the following purposes:

- Educational Visits (monies received validated by the person responsible for organising the trip)
- Lettings
- Fund raising
- Donations.

Cash received should be promptly counted by the finance user or appointed assistant and put away in the safe.

Petty cash money should be kept to a minimum. All expenditure should be supported by receipt identifying any VAT paid. Payment from petty cash funds should be limited to minor items which have been approved in advance by the Finance User.

Petty cash expenditure should not exceed £25 per person per month. If the limit is exceeded the AFTL should sign the receipts.

The following guidelines should be followed when handling cash:

- Avoid counting cash in public
- Avoid leaving cash unsecured in an unattended area or room
- Use the safe to store all cash
- Receipts are given for cash received from letting or on request.



Activity	Detailed Task	Responsibility
Counting and recording of money	Prepare banking	Finance User or appointed assistant
	Transport cash to bank	Finance User
	Validate cash received	Finance User, Budget Holder
Collection of money	Collect curriculum related money	Trip organiser/Budget holder, finance user.
	Collect money from lettings	Finance User
	Collect money for fundraising, donations, private calls and other sources	Finance User
Petty Cash Management	Access to petty cash fund Payment from petty cash fund	Finance User, AFTL
	Recording of petty cash fund expenditure and receipts	Finance User
	Validation of petty cash fund expenditure	AFTL, HoS

#### **4 CASH MANAGEMENT – SCHOOL/BANK ACCOUNT LEVEL**

See Purchasing and income sections

#### **5 CREDIT CARDS/CHARGE CARDS**

See Purchasing and income sections

**APPENDIX Ei) FINANCIAL AUTHORISATION LEVELS – BPSP, CIS, LIS, LPS, OJS, OTIS**

<b>Delegated Duty</b>	<b>Value</b>	<b>Delegated Authority</b>	<b>Method/Comment</b>
Out of Pocket Expenses	Up to £100	All staff expense forms to be authorised by the Headteacher. Headteacher expenses to be signed by Deputy Head or CEO	Any staff expenses > £100 must be countersigned by the Head of Finance
Petty cash float	Up to £250	In accordance with bank mandate for cheques	Cheques may only be cashed up to £250
Ordering Goods and Services	Up to and including £1,000	Budget holder or School Finance Officer	Consideration of value for money but formal quotes not required
Authorisation of non-order purchase invoices.	£1,000 < value ≤ £5,000	School Finance Officer or School Finance Manager	Minimum of 2 informal quotes evidenced by email confirmation or internet quotes
Budget/forecast variances			
Value for money should be considered in all cases	£5,000 < value ≤ £15,000	Headteacher	Minimum of three written estimates in response to a specification issued by the School/Partnership – see Appendix B Exceptions to the above may be considered but must be authorised by the Head of Finance
	£15,000 < value ≤ £50,000	Headteacher and Head of Finance	
	Over £50,000 and up to OJEU Limits	As above plus Resources Committee	CLP own tendering process – see Appendix B
	Over OJEU Limits	Board of Trustees	Formal tendering process, including advertising in OJEU and in accordance with EU regulations
Changes to staffing		See flowchart in Appendix C	

Delegated Duty	Value	Delegated Authority	Method/Comment
Signatories for cheques, BACS payment authorisations and other bank transfers.	As per Banking Mandate	Two signatories from: <ul style="list-style-type: none"> <li>• CEO</li> <li>• Head of Finance</li> <li>• Headteachers</li> <li>• Finance Manager</li> <li>• Member of School SLT if appropriate and necessary</li> <li>• Chair of Trustees</li> </ul>	Cheques over £50,000 to be signed by CEO and Chair of Trustees
Internal Transfers	Transfers up to and including £50,000	Management Accountant – 1 <sup>st</sup> Approval Head of Finance – 2 <sup>nd</sup> Approval	This includes monthly recharges to/from the Central Team as well as payroll transfers
	Transfers over £50,000	Review by Head of Finance CEO bank approval	
Business charge cards	£5,000 limit	Up to 4 card holders approved by Head teacher	Limit applies in aggregate across all cards per School
	Expenses	As per delegated authority levels stated above	
Raising sales invoices to collect income	Up to and including £5,000	School Finance Manager or School Finance Officer	As online approval is not captured in PS Financials either email or minuted approval should be retained
	£5,000 < value ≤ £15,000	Head teacher	
	Over £15,000	Head of Finance	
Signatories for ESFA grant claims and ESFA returns	Any	CEO and Head of Finance	
Compensation or Severance Payments	Up to and including £5,000	CEO/Headteacher	Along with Business Case
	£5,000 < value ≤ £50,000	CEO and then Resources Committee.	Along with Business Case
	Over £50,000	As above plus ESFA Approval	Along with Business Case
Write-off of bad debts	Up to and including £1,000	Head of Finance	
	£1,000 < Debt ≤ £5,000	As above plus Resources Committee reporting to the Board of Trustees	
	Over £5,000	Board of Trustees plus ESFA Approval	
Purchase or sale of any freehold property	Any	ESFA approval required	
Granting or take up of any leasehold or tenancy	Any	ESFA approval required	

<b>Delegated Duty</b>	<b>Value</b>	<b>Delegated Authority</b>	<b>Method/Comment</b>
Disposal of assets with a purchase value of:	Up to and including £5,000	School Finance Manager	
	£5,000 < value ≤ £10,000	Head Teacher and Head of Finance	
	£10,000 < value ≤ £20,000	Board of Trustees	
	Over £20,000	ESFA approval required	

**APPENDIX Eii) FINANCIAL AUTHORISATION LEVELS – BET, HEA, HPS, QPIA, STC, STL**

Activity	Trust Board	CEO	Head of Finance	Headteacher	Finance Manager	Budget Holder
	Authorisation of Orders / Awarding Contracts					
Up to £5,000	X	X	X	X		X
Up to £10,000	X	X	X	X		
Between £10k and £30k	X	X	X			
Over £30,000	X	X				
	Approving Payments /Authorisation of Non-Purchase Order invoices					
Individual payment transactions up to £5,000 – 1 signatory	X	X	X	X		X
Individual payment transactions up to £10,000 – 1 signatory	X	X	X	X		
Individual payment transactions between £10k and £30k – 2 signatories	X	X	X	X		
Individual payment transactions over £30k – 2 signatories	X	X	X			
	Tender Limits					
Up to £10,000 – at least one quote	X	X	X	X		
Over £10k up to £50k obtain 3 quotes	X	X	X			
Over £50,000 tender exercise	X	X				
Over £100,000 EU tender limits	X					
	Signatories on EFA Grant Claims & EFA Returns					
Any	Two signatories are normally required by the ESFA – one of whom must represent the Trust Board					
	Budget Virements					

	The Trust board have agreed that no virements are allowed to be applied to the Trust budgets at any level					
	<b>Disposal of Assets (excluding freehold on land or buildings) – notification of all disposals MUST go to Head of Finance and the Trust Board</b>					
Up to £500				X		
Over £500	X					
	<b>Write-Off Bad Debts</b>					
Up to £500	Head teachers have the authority to write off debts up to the value of £500					
Any	<b>All</b> bad debts and write offs must be reported to the Trust Board					

## APPENDIX Eiii) FINANCIAL AUTHORISATION LEVELS – CCP, SSM, WSM

The following officers are permitted to authorise spending on any one order up to the sum specified. Beyond this limit the approval of the Board will be required.

Exec Head	£10,000 (Trust & Schools budgets)
Head of School (Hos)	£4,000 (school budget)
AFTL	£4,000 (Trust and at each school budget)
Finance User/Finance leader	£500 (school budget)

The Exec Head has delegated authority to accept the lowest quotation for all expenditure below £10,000. In the instances where the lowest quotation is not accepted this should be reported to the Board and the reasons for the decision recorded in the minutes of the meeting. For quotations above £10,000 the approval of the Board must be sought.