



THE NORTON
KNATCHBULL
SCHOOL

Financial Policy & Tendering

(financial scheme of delegation)

Policy Owner	CFO
Reviewed by	Val Martin, CFO
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1) Introduction

The purpose of this document is to ensure that The Norton Knatchbull School 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 Education and Skills Funding Agency's (ESFA) Academy Trust Handbook 2021 Financial Handbook (ATH).

The School must comply with the principles of financial control outlined in the academy's guidance published by the ESFA in the Academy Funding Agreement and the Academy Trust Handbook. This document expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It outlines our approach to all finance related tasks within the school.

Compliance with the Policy is mandatory, and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer. For The Norton Knatchbull School, this office resides with the Headteacher.

All staff, including the Accounting Officer, the Finance Manager, SLT, Finance staff, who deal with financial matters, are trained in the appropriate procedures.

All staff are aware of the Academy Trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE.

The Finance and General Purposes Committee will be responsible for reviewing all controls and procedures of financial systems operating within the school.

This Policy has been drawn up in accordance with Secretary of States Funding Agreement and the Education Funding Agency Academies Financial Handbook September 2019.

2) Roles and Responsibilities

The main responsibilities of the School are prescribed in the Funding Agreement with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of Auditors
- appointment of an Accounting Officer
- appointment of the Chief Financial Officer
- ensuring regularity, propriety and value-for-money in relation to the management of public funds.

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Board of Governors who may exercise all the powers of the Company.

The School has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Committee that has responsibility for the Academy finances is the Finance and General Purposes Committee.

The main responsibilities of this are set out in its Terms of Reference approved by the Board of Governors (see Appendix A).

The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the School's finances.

2.1 ROLE OF THE HEADTEACHER

The Head teacher has overall responsibility for the school's activities including financial activities. As the Accounting Officer for the trust, the Head teacher is personally responsible for:

- propriety and regularity of the public finances for which he/she is answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks
- ensuring that measures are in place to prevent loss and misuse of the trust's property and assets

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the School's Funding Agreement and this policy and compliance with internal School procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;

Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the School's charge, the avoidance of waste and extravagance, and economical administration. A key objective is to achieve value for money not only for the School but for taxpayers more generally.

The School's Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The Accounting Officer must also demonstrate how the School has secured value for money via the governance statement in the audited accounts.

In practice, much of the financial responsibility is delegated to the Chief Financial Officer (Finance Manager) but the Head teacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governors have agreed should be approved by them
- authorising orders, contracts and signing cheques / releasing payments in conjunction with other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority
- preparing budget plans in conjunction with the Finance Manager
- implementing expenditure in line with the School's budget
- seeking the Board of Governor's approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to governors giving details of income, expenditure and commitments to date
- ensuring any actions resulting from the annual audit are implemented

2.2 ROLE OF THE FINANCE MANAGER

The Head teacher works in close collaboration with the Finance Manager who is responsible to the Board of Governors. The main responsibilities of the Finance Manager are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the School's budget
- management of the School's financial position at a strategic and operational level within the framework for financial control determined by the members and governors
- preparation of budget plans in conjunction with the Head teacher and Senior Leadership Team
- the maintenance of effective systems of internal control
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the School
- the preparation of monthly management accounts that include an income and expenditure report, a cash flow forecast and balance sheet.
- ensuring that the annual accounts and ESFA returns are properly presented and adequately supported by the underlying books and records and are submitted to prescribed deadlines.
- undertaking internal risk reviews for the school, focusing upon the systems of internal control.

2.3 THE ROLE OF THE FINANCE OFFICERS

The Finance Officers work closely with the Finance Manager and have clear segregation of duties to ensure financial probity and reduce the risk of fraud and data integrity.

2.4 ROLE OF BUDGET HOLDERS

Other members of staff, primarily departmental budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy.

All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the School's financial procedures.

3. DELEGATED AUTHORITY TO THE TRUST

The delegated authority over different categories of financial transactions is set out below from the ESFA:

Liabilities and write-offs

Academy Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000 as follows:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years

The School should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. The School should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

The amounts for write-offs are before any successful claims from an insurer.

Beyond these limits the School must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

3.1 Special Payments

If the School is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

- that governors reasonably consider the proposed payment to be in the interests of the School.
- whether such a payment is justified, based on a legal assessment of the chances of the governors successfully defending the case at an employment tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement.
- if the settlement is justified, the governors would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

Special severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

Compensation payments can be made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. When considering making a compensation payment the decision must be based on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved. All such payments shall be authorised by the Head teacher. Any individual

amounts that are in excess of £1,000 require approval by the Finance and General Purposes Committee. It should also be noted that the Trust carries insurance to mitigate against costs in this area through RPA.

Where the School is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from the ESFA, before any such payment can be made. The trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss. Examples of approval requirements as follows:

Statutory/contractual payment		Non-statutory/contractual payment	ESFA/HM Treasury approval required?
£30,000	+	£30,000	No
£30,000	+	£30,000	No
£60,000	+	£50,000	Yes – for £50,000

3.2 Ex Gratia Payments

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Examples include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

These payments are separate to other classes of special payment such as staff severance and compensation payments. Statutory and contractual payments made to Academy staff in accordance with the School's pay policy would not be ex gratia.

All ex gratia transactions **must** always be referred to the ESFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction. If there is any doubt about a proposed transaction, then prior advice should be sought from the ESFA.

Asset sales, leases and tenancy agreements

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

Academy trusts must seek and obtain prior written approval from the ESFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party

Academy trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without ESFA approval. For the avoidance of doubt this means

that operating leases on assets that are not land and buildings do not require ESFA approval. Leases should be disclosed in trusts' annual accounts in accordance with the Academies Accounts Direction.

If an academy trust does wish to enter into a lease that requires ESFA consent, then the trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether the approval of the ESFA is required or not.

4. REGISTER OF INTERESTS

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. Persons included in this policy are all members, governors and staff who can influence financial decisions, or spending powers. They are required to declare any financial interests they have in companies or individuals from whom the School may purchase goods or services. They should also play no part in the recruitment process for any vacancy where family members or friends have applied for a job at a School.

The register is open to public inspections and should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the School and trusteeships and governorships at other educational institutions and charities. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, trustee, governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

All relevant business and pecuniary interests of members, governors and senior employees must be published on the School's websites.

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

5. PROCESS FOR INDEPENDENT CHECKING

Every academy trust must have in place a process for independent checking of financial controls, systems, transactions and risks.

An Audit Committee (Part of the Finance and General Purposes Committee) for the School will direct the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the School and agree an annual programme of work that will address these risks, inform the statement of internal control and so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or both of the following options:

- the work of an internal audit service

- the performance of a supplementary programme of work by the School's external auditors

5.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of the Accounting Officer extend to the prevention of loss through fraud and irregularity. However, in addition to the Accounting Officer's responsibilities, the members and governors are also responsible for preventing such losses of public funds, and this means that members and governors must be aware of the risk of fraud and irregularity to occur within their organisations, and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The School is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the School, whether by employees, trustees, advisors or third parties, exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year must be reported by the School to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from the School itself or as the result of other information received.

5.2 APPOINTMENT OF EXTERNAL AUDITORS

The School is required to submit the accounts for an annual audit. This means that external auditors need to be appointed by the members at each AGM. The appointment should be for a one-year period renewable at the discretion of the School.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA
- proper accounting records have been kept by the School throughout the financial year
- grants made by the DFE have been applied for the purposes intended

The School should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit Committee.

6. ACCOUNTING SYSTEM

All the financial transactions of the School must be recorded on the accounting system operated by the Finance Department.

Financial records are required to be kept for at least six years. This is a requirement laid down by His Majesty's Revenue and Customs (HMRC).

6.1 SYSTEM ACCESS

The School's accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled, and individual logins and passwords should not be compromised. Access to the system should be restricted and the Finance Manager is responsible for determining the access levels for all members of staff using the system and the Finance Team sets the user up in the accounting system.

All leavers with previous access to the financial system must have their access permissions formally removed on the day their employment ceases.

6.2 BACK-UP PROCEDURES

The Network Manager is responsible for ensuring that there are effective back up procedures for the system. The accounting system is operated through a Cloud service and is overseen by the Network Manager for security and functionality purposes.

The Finance Manager should aim to keep strategic financial data on Cloud based platforms. This should link in with the annual assessment made by governors of the major risks to which the trust is exposed.

6.3 TRANSACTION PROCESSING

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented. Bank transactions should be input by the Finance Officer and the input should be checked via a bank reconciliation and signed by the Finance Manager.

6.4 TRANSACTIONS REPORTS

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

- monthly payroll report;
- monthly bank statement reconciliation;
- monthly credit card statement;
- monthly VAT return;
- monthly aged debtor and creditor reports;
- management accounts summarising expenditure and income against budget at budget holder level.

6.5 RECONCILIATIONS

The Finance Manager is responsible for ensuring the following reconciliations are performed each month for the School, and that any reconciling or balancing amounts are cleared:

- payroll control accounts
- bank balance per the nominal ledger to the bank statement

- VAT
- trial balance
- credit card statements
- individual salary payments

7. FINANCIAL PLANNING

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

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

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

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

7.1 THE STRATEGIC PLANNING PROCESS (School Development Plans)

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

The form and content of the strategic SDP should be made with reference to any guidance given to Academies and any annual guidance issued by the DfE.

Each year the Head teacher will propose a planning cycle and timetable which allows for:

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

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

7.2 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to the School for the forthcoming year and how those resources are to be utilised. There should be a clear link between the strategic objectives of the School and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to assess likely level of receipts
- review of past individual performance against budget to promote an understanding of the cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the School's best financial interests are met.

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

If a potential surplus is identified, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students that the School serves.

It will be the responsibility of the Finance and General Purposes Committee to recommend an annual budget for submission to the board of governors. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The Finance Manager, in conjunction with the Head teacher, is responsible for preparing and obtaining approval for the School's annual budget. The budget must be approved by the board of governors.

The approved aggregated budget must be submitted to the Education and Skills Funding Agency (ESFA) by the end of July each year at a date specified by the ESFA. 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.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change.

7.3 MONITORING AND REVIEW

Monthly monitoring reports will be prepared for the School. The reports will detail actual income and expenditure against budget for the period of reporting, the year to date and a forecast of projected year end balances. These reports will be shared with all governors.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the Head teacher.

8. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

8.1 STAFF APPOINTMENTS

The Board of Governors has the authority to appoint the Headteacher.

The appointment of a Finance Manager must be approved by the governors.

The School maintains personnel files for all members of staff which include signed contracts of employment.

The Headteacher is responsible for ensuring that the School's pay policy is implemented.

The Headteacher is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered.

The Personnel Officer will be responsible for maintaining accurate records of all staff employed at the School in a single central record.

The Headteacher and Safeguarding Link Governor are responsible for ensuring regular checks are carried out on the School's SCR.

Personnel information is held in both manual and electronic files under the guidance of the Personnel Officer with access strictly limited to authorised officials only. Information is held separately on the School's management information system which is compliant with the 1998 Data Protection Act

8.2 PAYROLL ADMINISTRATION

The School's payroll is outsourced. Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are submitted to the external payroll bureau (Teeside University). All new appointments, replacement appointments, variations of contracts and salary adjustments must be authorised by the Headteacher. Those outside of the approved staffing budget must be authorised by the relevant committee.

Invigilators' and other Monthly variations, casual working, overtime and lunch duty claims must be pre-authorised, checked and confirmed by the relevant budget holder and must be forwarded promptly to the School's HR Department for inclusion in the payroll submission details to the payroll bureau. The Finance Manager will check all the variations and additions to the monthly regular payroll cost as part of the internal independent checking procedures to ensure that the payroll system is operating correctly. Overtime and lunch duty claims are subject to deadlines for processing in time for each payroll.

8.3 PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts. The Finance Manager will obtain a monthly payroll report, the reports will be de-aggregated, and the Finance Manager will undertake a reconciliation of each individual payment against the latest staffing budget/contract information held for each employee.

The School has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed)
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

Business expense claims for travel and mileage are processed weekly and paid directly by BACS and included on the weekly payment runs. Valid receipts must be held and retained in support of any reimbursements and mileage claims must include details of all journeys made. The School may determine its own rates of reimbursement for mileage claims but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. The School therefore maintains its rate of reimbursement for mileage claims at or below the current HMRC Approved Rates.

9. PROCUREMENT

The School must ensure value for money from all purchases and as a publicly funded organisation **MUST** demonstrate the following general principles:

- **Regularity:** it is essential that school funds are spent appropriately. For example, it would be more appropriate for staff to contribute towards a retirement gift, rather than using school funds.
- **Propriety:** expectations of appropriate standards of conduct must be clearly stated and evident, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of an Academy or Trust.
- **Probity:** all transactions are undertaken in a manner consistent with the School's ethical values.
- **Accountability:** An Academy or Trust is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by an Academy or Trust are dealt with on a fair and equitable basis.
- **Sustainability:** An Academy spending public funds is responsible for following government guidelines for environmentally sustainable and ethical options whenever possible within budgetary constraints.

9.1 ROUTINE PURCHASING

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by governors. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. Detailed information regarding actual expenditure will be available to Budget Holders monthly.

Key aspects of the School's purchasing cycle are:

- A purchase requisition **must** be created in advance of any purchase and signed off as appropriate by the budget holder before any commitment to purchase is made.

The only exceptions to this are:

- Utilities
 - Rent and rates
 - Exam fees
 - Supply cover where this is a robust process for recording requests for staffing and for hours or days delivered.
 - Renewals of essential subscriptions
 - Renewals of essential contracts
 - Monthly invoices for approved contracts
- Purchase Requisitions (PR) for Software
 - GDPR / DPIA compliance **must** be checked for **all** purchases of Software as personal data may be accessible by third parties
 - Software requirements by budget holders must be discussed with the Network Manager in the first instance in order to enable appropriate control, information sharing
 - and DPIA compliance
 - The Finance department must perform an additional check on Software Requisitions to ensure DPIA compliance prior to conversion of PRs to Purchase Orders POs

All software and link to cloud-based application **must** be installed exclusively by the IT Department, only after the completion of a DPIA.

Electronic requisitions are made in the accounting system except for items that cannot be sourced from one of the school's suppliers. In such cases, a purchase requisition **must** be approved by the Budget Holder and received by the Finance Team prior to any purchase being made.

- orders should never be entered into verbally.
- purchase orders must be raised in the accounting system (this updates the financial records and enables committed expenditure to be included in management information for Governors).
- in exceptional circumstances (e.g. to carry out emergency repairs or in extreme circumstances such as those experienced during the Coronavirus pandemic) no order form is necessary. However, written authorisation from the budget holder is required.
- orders should only be approved in accordance with the authorised limits within the scheme of delegation listed in Appendix B of this document
- orders may only be used for goods and services provided to the School. Private individuals and other organisations may not use 'Official Orders' to obtain work, goods, materials and services net of VAT

Orders under £10,000 – a best value exercise must be carried out. Examples of how this can be achieved are:

- using a supplier from the list of approved suppliers maintained by the Finance Department;
- bulk purchasing of common consumables;
- negotiating discounts;
- taking advantage of sale seasons; and
- obtaining alternative quotations wherever applicable.

Orders over £10,000 but less than £25,000 -

- three written quotations should be obtained for all orders between £10,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached in the accounting system for audit purposes. Telephone quotes are acceptable if these are evidenced, and email confirmation of quotes has been received, before a purchase decision is made.
- In order to comply with value for money and efficient administration, the school should maintain a list of approved suppliers for specific and regularly purchased items, these typically include IT and Site management supplies, where customary practices has proved the 3 quote process ineffective and a time waste. No additional quotes are required for purchases from approved suppliers.
- The approved list of suppliers should be reviewed on a regular basis and checked every year or after 10 orders which is sooner to ensure the best value principle is maintained.

No quotes are required for Exam fees or agency recruitment.

- **orders over £25,000 but less than £50,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the respective Finance and General Purpose Committee for formal approval.
- **orders of £50,000 and over** – will be subject to the School's formal Tendering Policy.

Purchases must not be artificially split to avoid these thresholds. Thresholds can be split on the rare occasion when subject to scope creep. In these instances, the finance & general purposes committee must approve the revised costs.

The Site Team in liaison with the Finance Department must make appropriate arrangements for the secure and controlled delivery of goods and services. Evidence needs to be supplied that goods / services have been received before the invoice is paid. Any discrepancies should be identified by the recipient at the time and raised immediately with the finance team.

If any goods are damaged, sub-standard or the order is incorrect, the Finance Office should be notified. The Finance Office will keep a record of all goods returned to suppliers.

All invoices must be approved by the relevant budget holder and stored electronically. Budget holders must check to ensure that:

- goods/services have been received
- goods/services are as ordered
- prices are correct

Terms and conditions

It is important that, prior to contracting, the terms and conditions of goods and services are reviewed to understand the implications (in particular for items that might have on-going commitments or have liability implications for the School). Where appropriate advice should be sought from the School's finance team.

Suppliers

The School maintains a list of suppliers on the accounting system with any changes to supplier details being verified directly with the supplier (there are an increasing number of schools and academies who are being defrauded as a result of updates to supplier details being faked).

Where a supplier is being used for the first time a new supplier form should be used in all cases.

When engaging with a self-employed contractor, the School should:

- Document the Unique Tax Reference number of the contractor; or
- Review the employment status of the individual to ensure this individual does not fall under the HMRC (IR35) rules for employed status. An online test is available on the HMRC website to help determine this.

9.2 PETTY CASH

The school operates using cashless systems and only holds a small amount of petty cash for emergencies only. These payments will be authorised by the Finance Manager or Head teacher and an expense form should be completed and signed off by the authorising budget holder. Forms can be found under SharePoint, staff\finance. Petty cash must be reconciled monthly.

9.3 RECORD KEEPING

Contract Register

The contract register is essential to formally record and retain details of purchases and procurement for audit purposes and is also useful for providing feedback to suppliers. Recording all contract 'review' and 'expiry' dates, plus the 'termination notice period' in a central contract record will build a detailed picture of the contracts the Trust has or is letting or managing.

This record can be used as a tool to help plan around pressure points involved in going back out to competition or identifying opportunities by bringing procurements together. It highlights potential trouble spots if the early-termination clause is applied by the contractor.

If savings have been achieved through the quote process, either time saved or in cash terms, record it.

Details of the contract register will be the subject of a regular report to the Finance and General Purposes Committee.

Record Keeping

For purchases between £5,000 and up to £49,999 retain:

- details of quotations dispatched (including names, addresses, dates and numbers involved)
- details of quotations received and also those not received
- records of any exemptions from the evaluation process and reasons for it
- any records relating to how a decision was reached in the evaluation process
- communications with the successful contractor
- the original contract filed with other contracts and a note of the contract start and end date on contracts file.
- Any reports on contractor performance

For purchases of £50,000 and over retain:

- a copy of the published advertisement or FTS notice
- details of expressions of interest received
- details of Pre-Qualification Questionnaire (PQQ) responses and those not received (for FTS tendering process)
- records relating to the scoring of the PQQs (for FTS tendering process)
- details of the tender responses received and those not received
- records relating to the scoring of the tenders
- records of any exemptions from the evaluation process and reasons for it
- communications with the successful and unsuccessful suppliers
- the original contract filed with other contracts and a note of the contract start and end date on contracts file.
- There is a legal requirement to keep these documents and the legislation underpinning this is the Limitation Act 1980.
- For most records resulting in a contract with a value:
 - less than £5,000, the records should be destroyed when they are two years old
 - greater than £5,000 and for the following:
 - services: the records should be kept for two years after the last payment
 - goods: see the table below.

Description	Disposal (maximum period)
Specification	six years from end of contract
Evaluation criteria	six years from end of contract
Invitation to tender	six years from end of contract
Unsuccessful tender documents	one year after date of last paper
Successful tender document	six years from award of contract
Commissioning letter	one year from end of contract
Signed contract	six years from end of contract
Reports from contractors	two years from end of contract
Schedules of works	two years from end of contract
Records of complaints	six years from end of contract
Disputes over payment	six years from end of contract

Description	Disposal (maximum period)
Final accounts	six years from end of contract
Changes to requirements	six years from end of contract
Forms of variation	six years from end of contract
Extensions to contract	six years from end of contract

9.4 CHARGE CARDS

Business charge cards are held by named cardholders.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. The cardholder is liable for the integrity of all transactions and proper and controlled use of the card.

Where charge cards are issued, they are intended to benefit the School through, inter alia, securing all discounts through internet purchases, reduce transaction processing costs and enable staff to make emergency purchases.

All receipts must be produced and reconciled monthly to the monthly statement by the finance team and reviewed and signed off by the Finance Manager. The Headteacher will review and sign the charge card held by the Finance Manager

10. OTHER MATTERS

Managing surplus General Annual Grant (GAG)

It is important that the grant is spent as needed to avoid excess calls on Exchequer funding and public borrowing. The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that if any academy in the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

The ESFA will also verify the sums of unspent funds when it checks the trust's accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

Governors Expenses

See Governor's Allowances Policy.

11. Bank Accounts

The operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled with the monthly reconciliations signed off by the Finance Manager. Bank account overdrafts are not permitted at any point and the school is expected to manage its cashflow to avoid incurring a negative balance.

Deposits

Particulars of any deposit on the school's current account must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

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

Deposits onto interest earning accounts from the school's current account

- refer to the Investment and Reserves policy

Payments and withdrawals

All cheques and other instruments authorising withdrawal from the school bank account must bear the signatures of two of the following authorised signatories:

- Head teacher
- Assistant Head teacher

On-line Banking

Access to the school bank account is available through the Lloyds Commercial Banking software. Appropriate access rights to the Lloyds banking system are managed by the Finance Manager as the prime administrator in agreement with the Head Teacher. Access is controlled by user ID and password security administered by Lloyds Commercial Banking.

On-line Payments

Payments by bank transfer, BACS and faster payments can be generated through the online banking system. All payments over £10,000 (single and/or cumulative) will require authorisation by two of the approved authorisers. Authorisation access is controlled by smartcards and password. Payments under £10,000 are authorised by the Finance Manager.

Approved Inputters

- Finance Officer
- Finance Manager

Approved Authorisers.

- Head Teacher
- SLT Members
- Finance Manager

VAT

The Norton Knatchbull School is not registered for VAT and therefore does not charge VAT on any sales. VAT paid on purchases is claimed through a 126 return that is completed via HMRCs online return service. This should be done on a monthly basis.

Insurance

The Norton Knatchbull School is insured through the DfE's Risk Protection arrangement. The risk protection arrangement (RPA) is an alternative to commercial insurance for academy trusts. Under RPA, the UK government covers the losses instead of commercial insurance.

The cover provided by the RPA is detailed on the following link:

<https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academy-trusts-membership-rules>

Safeguard of Stocks, Stores and Assets

All staff at The Norton Knatchbull School are responsible for the security of school assets. SLT, subject leaders, class teachers and site staff safeguard and maintain the school's assets updating the asset registers as required. Asset registers are checked at least on an annual basis and certified by the Head teacher (Accounting Officer). IT assets are recorded on a general asset register, maintained and updated by the ICT office.

Items of a high value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Items with a value in excess of £1000 are recorded on the Schools Fixed Asset register. When purchasing items in groups the value for recording on the Fixed asset register should be in excess £5000 in total, or £1000 for individual items.

The following depreciation rates have been agreed and applied to the Academy Trusts Fixed Assets

ICT Equipment	5 years
Furniture and Equipment	6 years
Land and Buildings	50 years
Site Improvements	15 years

Items that are not likely to last the depreciation period set out in the table may be expensed at the discretion of the Finance Manager.

Where significant assets in excess of £1,000 are written off and disposed of, the Finance Committee agrees this on behalf of the Board of Governors and the agreement must be minuted.

Staff who wish to dispose of obsolete stock must first obtain permission of the Head teacher (Accounting Officer) for items valued over £50.

Assets disposed of must be removed from the Asset Register. Where income is generated, the income will be banked to the formula budget.

Income

At The Norton Knatchbull School, the Lettings Policy is reviewed and approved on an annual basis by the Board of Governors.

Where debts are required to be written off, after every effort has been made by the Head teacher (Accounting Officer) and Governors to recoup the monies, the Head teacher or the Finance Manager will approve write offs of up to £1,000.. Any sums over that will require board of Governors approval up to a total of 1% of annual income (up to £45,000) which will require ESFA approval. The ESFA ceiling for 2018-19 is £250,000.

Data Protection

The Head teacher (Accounting Officer) has the responsibility to ensure that all data including financial data is compliant with, but not limited to the following:

The General Data Protection Regulation (GDPR)

Data Protection Act 2018

The Freedom of Information Act 2000

Appendix A

Finance & General Purposes Committee Terms of Reference

Make up of the committee

Governor Membership	No fewer than 3 Governors, appointed by the Full Governing Body plus the Head Teacher
Additional Members	Membership of the Committee may also include additional persons who are not Trustees to add to the skills and expertise available. Such additional members (ie non-Governors) will not be entitled to vote
Quorum	Three Governors excluding the Head Teacher The quorum is the minimum number of members of the Committee necessary to conduct the business of the Committee
Meetings	No fewer than six times per annum
Attendees	The Chair shall have the power to invite other individuals to attend any meeting if deemed appropriate to the business. Lead members of the Senior Leadership Team whose area of responsibility includes matters relative to the Detailed Delegated Responsibilities of the Committee listed below, and which are relevant to items on the agenda, shall be expected to attend meetings of the Committee.
Confidentiality	The Committee is entitled, wherever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules of quoracy) to exclude any, or all, participants and observers, except the Clerk.
Chair	The Chair will be appointed by the Committee members annually
Vice Chair	The Committee may appoint a Vice/Deputy Chair if it so wishes.
	In the event of the Chair or Vice/Deputy Chair (if one exists) of the Committee being unable to attend, the remaining members shall elect one of their members as Chair for the meeting.
Clerk	The meetings will be clerked by the Governance & Compliance Professional

Brief

The Committee will provide financial scrutiny & oversight of the school's finances, ensuring that the school operates within the financial regulations of the Academies Trust Handbook, school finance policy and complies with any DfE and ESFA requirements, responding to any issues arising from the internal and external audits and ensuring solvency, probity and value for money.

Detailed Delegated Responsibilities (replace with new TOR's once approved)

APPENDIX B

Scheme of Delegation – Authorisation Limits

Financial Regulations - Authorisation Limits

Expenditure Limits	
Curriculum Budget Holders	Up to £1,000
Site Manager	Up to £3,000
Headteacher or Finance Manager	Up to £25,000
Finance & General Purposes Committee	£25,001+
Virement Limits	
Head teacher & Finance Manager	Up to £25,000
Finance & General Purposes Committee	£25,001+
Ordering Process	
Best Value Exercise	£0 - £4,999
Three Quotes	£5,000 – £49,999
Formal Tendering	£50,000+

APPENDIX C – TENDERING POLICY

The School must ensure value for money from all purchases and as a publicly funded organisation **MUST** demonstrate the following general principles:

- **Regularity:** it is essential that Academy Funding is spent appropriately. For example, it would be more appropriate for staff to contribute towards a retirement gift, rather than using academy funds.
- **Propriety:** expectations of appropriate standards of conduct must be clearly stated and evident, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of an Academy or Trust.
- **Probity:** all transactions are undertaken in a manner consistent with the Academy or Trust's ethical values.
- **Accountability:** An Academy or Trust is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by an Academy or Trust are dealt with on a fair and equitable basis.

Procurement Thresholds

Order Amount	Process	Approved by
Under £5,000	best value exercise must be carried out	Budget Holder
Over £5,000 but less than £25,000	obtain 3 written quotations	Headteacher & Finance Manager
Over £25,000 but less than £50,000	obtain 3 written quotations	Finance and General Purposes Committee
£50,000 and over	formal Tendering Policy	Finance and General Purposes Committee

The school complies with Public Contracts Regulations (2015) when buying works/goods from external organisations to ensure that all procurement is carried out in a fair, open and transparent way. **Contracts for more than £500,000 f goods and services and more than £5,336,937 for works** are advertised in the FTS

Forms of Tenders

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

- **Open Tender:**
This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Manager how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds
- **Restricted Tender:**
This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

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

- **Negotiated Tender:**

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

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are capable or available
-
-
- Time and technical restrictions limit the available suppliers
- Local, technological and niche market expertise make other forms of tender unviable

Preparation for Tender

Full consideration should be given to:

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

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

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

An invitation to tender should include the following:

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

Aspects to Consider

Financial:

- like should be compared with like and, if a lower price means a reduced service or lower quality, this must be borne in mind when reaching a decision
- care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- is there scope for negotiation?

Technical/Suitability:

- qualifications of the contractor
- relevant experience of the contractor
- descriptions of technical and service facilities
- certificates of quality/conformity with standards
- quality control procedures
- details of previous sales and references from past customers

Other Considerations

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

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the School. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted. Alternative method of tender submission is by e-mail to one designated e-mail address. This would typically be the Headteacher.

Tendering Opening Procedures

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

- for contracts up to £49,999: The Finance Manager and the Head Teacher
- for contracts for goods and services of £50,000 and over either the Finance Manager, the Head Teacher (Accounting Officer) plus a member of the Governing Body.

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

Tendering Procedures

The evaluation process should involve at least two people including the Head Teacher and the Finance Manager. Those involved should 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.

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.

For contracts of £50,000 and over a report should be prepared for the Finance and General Purposes Committee, highlighting the relevant issues and recommending a decision. Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

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