



## **Robert Carre Trust**

### **Financial Regulations Policy and Manual**

#### **Introduction**

The purpose of this manual is to ensure that the Robert Carre Trust maintains and develops systems of financial control that are consistent across all schools with the Robert Carre Multi Academy Trust (RCT) and which conform with the requirements both of the latest version of the Academies' Financial Handbook, propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

All schools within the RCT must comply with the principles of financial control outlined in the academies guidance published by the DfE. This manual expands on that and provides detailed information on the Trust's accounting procedures and systems. It should be read by all staff involved with financial systems.

#### **Organisation**

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

#### **The RCT Trustee Board**

The RCT Trustee Board has overall responsibility for the administration of the Trust's finances. The main responsibilities of the RCT Trustee Board are prescribed in the Funding Agreement between the Trust and the DfE. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Trust's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Executive Headteacher and
- appointment of the Director of Finance, Administration and Resources, in conjunction with the Executive Headteacher.

#### **The Finance, Resources and Audit Committee (FR&A)**

The FR&A is a committee of the RCT Trustee Board. The FR&A meets at least three times a year but more frequent meetings can be arranged if necessary.

The main responsibilities of the FR&A are detailed in written terms of reference which have been authorised by the RCT Trustee Board. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the

- Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £5,000;
  - authorising changes to the Trust personnel establishment; and
  - reviewing the reports of the Auditor on the effectiveness of the financial procedures and controls. These reports must also be reported to the RCT Trustee Board

### **The Executive Headteacher**

Within the framework of the Trust development plan as approved by the RCT Trustee Board the Executive Headteacher has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Director of Finance, Administration and Resources but the Executive Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the RCT Trustee Board have agreed should be approved by them;
- authorising contracts between £1,000 and £4,999 in conjunction with the Director of Finance and Administration and Resources;
- signing cheques/authorising BACS payments in conjunction with the Management Accountant or other authorised signatory.

### **The Director of Finance, Administration and Resources**

The Director of Finance, Administration and Resources works in close collaboration with the Executive Headteacher through whom he or she is responsible to the RCT Trustee Board the Director of Finance, Administration and Resources also has direct access to the governors via the FR&A. The main responsibilities of the Director of Finance, Administration and Resources are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the supervision of the preparation of monthly management accounts;
- authorising orders in conjunction with budget holders.
- signing cheques, authorising BACS payments in conjunction with the Executive Headteacher or other authorised signatory and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Where appropriate the day to day control of the finance function will be delegated to the Management Accountant including the operation of the financial system and the preparation of management accounts.

### **Other Staff**

Other members of staff, primarily the Finance Administrators and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

### **Register of Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit

personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection.

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

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

### **Related Party Reporting**

Any new suppliers or customers are to be compared to the register of interests to ensure there are no conflicts of interest.

If there is a conflict or declared interest the DoFAR is to ensure that;

- any transactions are to be promptly reported to the ESFA and a record kept of that submission,
- the 'at cost' principle is not breached and the limit of £20,000 for ESFA approval is not exceeded without the knowledge of the Trustees

### **Accounting system**

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

### **System Access**

Entry to the accounting system at administrator level is password restricted and the Director of Finance, Administration and Resources is responsible for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed the new password should be placed in a sealed envelope and secured in a safe and controlled environment.

Access to the component parts of the Accounting system can also be restricted and the Management Accountant, FR&A is responsible for setting access levels for all members of staff using the system. Users include finance staff and budget holders who request access to the purchase ordering portal.

### **Back-up Procedures**

The Director of Finance, Administration and Resources is responsible for ensuring that there are effective back up procedures for the system.

The Director of Finance, Administration and Resources should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by RCT Trustee Board of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

## **Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised by the Director of Finance, Administration and Resources or the Management Accountant prior to being input to the accounting system. Bank transactions should be input by the Finance Administrator and the input should be checked, and signed to evidence this check, by the Management Accountant or the Director of Finance, Administration and Resources.

Detailed information on the operation of the PS Financials Accounting system can be found in the user manuals held in the Director of Finance, Administration and Resources' Office.

## **Transaction Reports**

The Director of Finance, Administration and Resources will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. This review system will include the preparation of monthly management accounts by the management accountant.

## **Reconciliations**

The Director of Finance, Administration and Resources is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- petty cash account;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.
- School Fund Account.

The Director of Finance, Administration and Resources or the Management Accountant will review and sign all reconciliations as evidence of his review.

## **Financial planning**

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

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

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

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

## **Development Plan**

The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big

picture” within which more detailed plans may be integrated.

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

Each year the Headteacher will propose a planning cycle and timetable to the governing body which allows for:

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

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 Executive Headteacher.

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

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a Trust manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## **Annual Budget**

The Director of Finance, Administration and Resources is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Executive Headteacher, FR&A and the RCT Trustee Board.

The approved budget must be submitted to the DfE by 31 July each year and the Director of Finance, Administration and Resources is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives 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 DfE grant receivable;
- review of other income sources available to the Trust to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Trust cost base (management accounts);
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

## **Balancing the Budget**

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. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

## **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance, Administration and Resources for approval by the Executive Headteacher, the FR&A and the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

## **Alterations to the Budget**

Any alterations to the budget are to be agreed by the FR&A before being brought to the RCT Trustee Board for ratification.

## **Budget Holders**

Budget holders will be informed of the budget available to them in September. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Budget holders are able to view their budget as and when required through PS Financials, (accessed direct from PSF or via the finance department). This will show the 'live' position of all income and expenditure against their allocated budget. Budget holders are required to keep their own records of their committed spend. The Finance staff are available at all times to assist budget holders.

Budget holders must not exceed their budget allocation unless they have the written approval of the Executive Headteacher.

## **Monitoring and Review**

Monthly reports will be prepared in PS Financials by the Management Accountant and reviewed by the Director of Finance, Administration and Resources. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Executive Headteacher and the FR&A.

Any potential overspend against the budget must in the first instance be discussed with the Director of Finance, Administration and Resources. See also purchasing guidelines later in the policy.

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. If a budget overspend is forecast it may be appropriate to transfer money from another budget or from the contingency. All budget transfers must be authorised by the FR&A

## **Reserves Policy – see separate RCT Investments and Reserves Policy**

### **Payroll**

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

### **Staff Appointments**

The RCT Board has approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the FR&A who must ensure that adequate budgetary provision exists for any establishment changes.

The Executive Headteacher has authority to appoint staff within the authorised establishment except the Heads of School and the Director of Finance, Administration and Resources whose appointments are by the RCT Trustee Board. The Executive Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Director of Finance, Administration and Resources immediately.

### **Payroll Administration**

The payroll is outsourced although administration in support of this is completed in the Finance Office.

All staff are paid monthly. A master file is created for each employee which records:

- salary;
- bank account details;
- personal details and
- any deductions or allowances payable.

The Payroll Administrator will adhere to the timetable for payroll processing specified by the payroll provider. This includes submission of claims, reviewing the preliminary reports, checking data, advising on amendments and then confirming the final payroll reports. Before payroll is authorised, it is reviewed and initialled by the Director of Finance, Administration and Resources.

### **Payments**

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the Director of Finance, Administration and Resources. The Director of Finance, Administration and Resources will confirm by email to the external provider that payment can be made. The Executive Headteacher reviews and initials monthly the salaries of the Payroll Administrator, the Director of Finance, Administration and Resources and any associated parties.

All salary payments are made by BACS.

The Payroll Administrator will prepare a monthly summary reconciling salaries to budget, highlighting any variances. This reconciliation should be reviewed and signed by the Director of Finance, Administration and Resources or the Management Accountant.

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 Director of Finance, Administration and Resources should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres.

On an annual basis the Director of Finance, Administration and Resources must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Headteacher's office.

Annual salary statements are to be placed on personnel files and issued as appropriate.

## **Expenses**

Out of pocket expenses incurred as part of an employee's working commitments will be reimbursed. These are usually in the form of mileage claims and associated travel and subsistence expenses. All claims are to be personally authorised by the Headteacher. The Executive Headteacher's claims are to be personally authorised by the Chairman of the RCT Trustee Board or, in his absence, the Vice-Chairman. Payments, once authorised will be made via BACS.

## **Purchasing**

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

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

## **Routine Purchasing**

The following is meant as a general guide for routine purchasing.

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. A print detailing actual expenditure against budget will be supplied to each budget holder within 2 weeks after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for. Budget holders with access to PSF will be able to check their total expenditure by logging on to the site. Other budget holders can ask finance for an update at any time.

Purchase Orders are not required for catering purchases.

Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier



should be chosen from the list of approved suppliers maintained by the Finance Office. This approved suppliers list will be agreed by the Finance, Resources and Audit Committee (FR&A) at the start of each academic year and signed by the Chairman of the FR&A to that effect. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Director of Finance, Administration and Resources or Management Accountant.

All orders must be made, or confirmed, in writing using an official order form, (a copy of which can be found on the teacher drive) or be generated by the budget holder raising a requisition note in PSF. Manual Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Finance Team as directed by Director of Finance, Administration and Resources and Management Accountant will check to ensure adequate budgetary provision exists and if necessary (according to the limits set out below) countersign the order. Requisition notes raised by budget holders in PSF will be forward to the Finance Administrator and they will be checked to ensure adequate budgetary provision exists before being changed to purchase orders. Budget holders must supply a cost centre and nominal code on the order form. Advice on codes can be sought from the finance department and codes will be notified to budget holders when they are given their budgets. Purchase orders must not be raised retrospectively.

The budget holder must make appropriate arrangements for the delivery of goods to the Trust. On receipt the budget holder or a member of staff approved by the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. The Finance Administrator will contact suppliers on behalf of the budget holders with any queries if requested to do so by the budget holder. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Administrator will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Office. The Finance Administrator will stamp invoices with a grid against which the following can be evidenced:

- Invoice matched to purchase order;
- invoice posted to purchase ledger,
- payment authorised;
- payment made.

At the end of every week the Finance Administrator will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Management Accountant or the Director of Finance, Administration and Resources. The Management Accountant or the Director of Finance, Administration and Resources will indicate on the list the invoices that should be paid.

The Finance Administrator will then input details of payments to be made to the purchase ledger and generate the BACS payment run or cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories. The BACS payment list will be authorised by the Management Accountant and then the actual payment run will be authorised by two of the following: the Executive Headteacher, the Deputy Headteacher, the Executive Headteacher's PA, the Chair of the FR&A Committee or the Director of Finance, Administration and Resources.

## **Invoices without a purchase order**

If a purchase order has not been used the budget holder must provide a reason why. When the invoice arrives, it will be sent to the budget holder for signature and coding. The invoice will be stamped with a grid stating:

Date Approved by budget holder;  
Budget holder Signature;  
Cost Centre;  
Nominal Ledger code.

## **Card payment**

Some purchases are ordered by telephone or on the internet and are paid for by debit card. These purchases include expenditure on train fares and course fees. A request for a payment by card must be on a card payment transaction form or a Purchase Order.. A copy can be found on the teacher drive.

## **Transaction Limits**

Card payments above £500 need to be authorised by the Management Accountant or the Director of Finance, Administration and Resources.

### **Orders over £1,000 but less than £5000**

Orders over £1,000 but less than £5,000 must be authorised by the Management Accountant or the Director of Finance, Administration and Resources.

### **Orders over £5,000 but less than £10,000**

At least three written quotations should be obtained for all orders between £5,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

### **Orders over £10,000**

All goods/services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000 must be subject to formal tendering procedures.

## **Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and 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 Director of Finance, Administration and Resources how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

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.

### **Invitation to Tender**

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

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 and
- 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***

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

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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.

### **Tender 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 £25,000 - two of the budget holder, the Director of Finance and Administration and Resources or the Executive Headteacher;
- For contracts over £25,000 – either the Director of Finance, Administration and Resources or the Executive Headteacher plus a member of the FR&A.

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. 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.

Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the FR&A highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the FR&A.

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 Trust. All parties should then be informed of the decision.

## **Income**

The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the Director of Finance, Administration and Resources who is responsible for ensuring that all grants due to the Trust are collected.

The Trust also obtains income from:

- students, mainly for trips
- other schools, for outreach work and
- the public, mainly for Fitness Suite membership, All Weather Pitch (AWP) hirings and premises lettings

## **Trips**

A lead teacher must be appointed for each trip to take responsibility for the collection of sums due.

All trips are set up as an item on Parent Pay and this is the preferred method of payment. In exceptional circumstances students can make payments at the Finance Office for which a receipt will be issued.

Trip leaders are to receive regular financial reports from the Finance Office detailing a record of payments received. The Trip leader is responsible for ensuring each visit is financially viable and for pursuing any outstanding payments.

## **Fitness Suite Membership**

The Fitness Suite manager is responsible for maintaining records of membership and identifying the sums due from each individual. Payments must be made in advance for the use of facilities.

## **The 3G Pitch**

The PE & Sport Advisor and School Games Organiser is responsible for the bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities, where practicable.

Details of organisations using the sports facilities should be sent by the PE & Sport Advisor and School Games Organiser to the Finance Administrator who will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments made and outstanding accounts will be forwarded to the PE & Sport Advisor and School Games Organiser at the beginning of each week and the PE & Sport Advisor and School Games Organiser, along with the Finance Administrator, is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

No debts should be written off without the express approval of the FR&A and RCT Trustee Board (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

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

### **Northgate Sports Hall (NGSH)**

The Operations Manager is responsible for the bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the sports facilities should be sent by the Operations Manager to the Finance Administrator who will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments made and outstanding accounts will be forwarded to the Operations Manager at the beginning of each week and the PE & Sport Advisor and School Games Organiser is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made. The Community Sports' Administrator will have access to PS Financials Web Portal (when available) for ordering of goods and services and will act as the NGSH cashier (responsible for receipt and banking of fees). The Community Sports' Administrator will also be responsible for requesting invoices for fees to be raised by the Finance Administrator.

The Community Sports' Administrator will be responsible for controlling the NGSH debtors. No debts should be written off without the express approval of the Director of Finance, Administration and Resources.

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

### **Custody**

Receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the NGSH safe prior to banking. Banking should take place every week or more frequently if the sums collected are excessive.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Administrator is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The bank reconciliations must be prepared at least fortnightly and must be reviewed and certified by the Director of Finance, Administration and Resources or Management Accountant.

### **Cash Management**

#### **Bank Accounts**

The opening of all accounts must be authorised by the 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.

#### **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 cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:

- Executive Headteacher;
- Director of Finance, Administration and Resources;
- Head of School
- Assistant Headteacher;
- Chairman of RCT Trustee Board
- Chairman of FR&A;
- EHT PA;
- Management Accountant

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

Cash should be banked at regular intervals but in the interests of security a regular pattern for either the deposit or withdrawal of funds should not be established.

Cash for either deposit or withdrawal requires 2 members of staff to be present at the bank.

### **BACS Payments**

BACS payments are subject to the same rules as cheque payments. For example, high value BACS payments over £5,000 require a RCT Trustee's approval. The process is as follows:

- The Finance Administrator prepares the schedule of payments;
- This is approved by the Director of Finance, Administration and Resources or by the Management Accountant with any amendments (additions or deletions) made as required;
- The Finance Administrator completes the BACS process and the authorising officers receive emails to check and verify the payments and subsequently authorise either as the first signature or the second signature.

### **Commercial Multipay Sterling Card**

The following restrictions are placed on the use of the Commercial Multipay Sterling card:

- The Commercial Multipay Sterling card is to be secured in the safe until required and then returned immediately after the purchase has been made;
- Budget Holders may authorise Commercial Multipay Sterling card expenditure for routine purchasing up to a maximum of £500 and in any one day the total of Commercial Multipay Sterling card transactions cannot exceed £10,000;
- A purchase order or card transaction request form is needed for each request for the Commercial Multipay Sterling card authority;
- The Director of Finance, Administration and Resources or Management Accountant authorises all Commercial Multipay Sterling card payments;
- The Finance Administrator completes the purchase ensuring that appropriate receipts are

obtained and subsequently reconciles the Commercial Multipay Sterling card purchase to the bank account;

- Budget holders or department technicians, with a Commercial Multipay Sterling card, must present all receipts and transaction records to the Finance office by the 25<sup>th</sup> of each month. These transactions should be presented on the form provided by the Finance Office. Commercial Multipay Sterling card holders must adhere to the transaction limits as set by the Director of Finance, Administration and Resources.

### **Administration**

The Director of Finance, Administration and Resources must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to PS Financials.
- reconciliations are prepared by the Finance Administrator;
- reconciliations are subject to an independent monthly review carried out by the Director of Finance, Administration and Resources or in his absence the Management Accountant;
- the Executive Headteacher is to sign at least one of the bank reconciliations monthly;
- adjustments arising are dealt with promptly
- the bank reconciliation involves a detailed review of the component statement for irregular items.

### **Petty Cash Accounts**

The cash balance in each school in the MAT must not exceed £600.

The Director of Finance, Administration and Resources or Management Accountant is to ensure that the petty cash account is reconciled monthly and sign the petty cash sheet to that effect.

### **Deposits**

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

### **Payments and Withdrawals**

In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment. In the very rare circumstances that petty cash will exceed the £50 limit and it would be impractical to wait for payment to be made by cheque, the petty cash voucher is to be signed personally by the Management Accountant, the Director of Finance, Administration and Resources or the Executive Headteacher.

### **Administration**

The Management Accountant is responsible for ensuring the entering of all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Management Accountant to ensure that the cash balance reconciles to supporting documentation.

### **Physical Security**

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



## Cash Flow Forecasts

The Director of Finance, Administration and Resources is responsible for preparing cash flow forecasts to ensure that the RCT 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 APG to cover potential cash shortages.

**Investments – see separate RCT Investments and Reserves Policy**

## Scheme of Delegation - Summary

<u>Item</u>	<u>Amounts</u>	<u>Remarks</u>
Cheque Signatures	£0 - £4,999	Any 2 signatories
Cheque Signatures	over £5,000	2 signatories, 1 of which must be a Trustee
Routine Purchasing	£0 - £5000,	Orders can be made by any budget holder (up to £1,000),
Routine Purchasing	£5,000 -	over £1,000 to be authorised by Management Accountant or
Routine Purchasing	£9,999	Director of Finance, Administration and Resources.
Routine Purchasing	Over	3 written quotations are required
Routine Purchasing	£10,000	the Formal tendering procedure (either open, restricted or negotiated) must be followed

## Fixed assets

### Asset register

All items purchased with a value over the Trust's capitalisation limit must be entered in 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;
- help the external auditors to draw conclusions on the annual accounts and the Trust's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of assets**

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

All the items in the register should be permanently and visibly marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust 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 for disposal by the Director of Finance, Administration and Resources and, where significant, should be sold following competitive tender. The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

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

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

### **Loan of Assets**

Items of Trust property must not be removed from Trust premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in Trust 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 the Trust's auditors.

### **Depreciation Policy**

The Trust's treatment of expenditure on fixed assets varies according to the category of the assets and their expected useful economic lives. Assets inherited on establishment of the Trust are assumed to be fully depreciated and are not included in the accounts.

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and

depreciated over their expected useful economic lives. The related grants are credited to the restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet) and the depreciation on the appropriate assets is charged to this fund such that the remaining carrying value of the grants at each year-end is represented by the net book value of the funded assets.

Assets under construction are accounted for at cost based on architects' certificates and other direct costs. They are not depreciated until they are brought into use.

The asset register will include the source of funds for all assets.

All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust or the amount actually realized. The key test is what the Trust would have been prepared to pay to purchase the asset

A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Individual items costing less than £1,000 are not capitalised.

### **Depreciation Rates**

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Land and Buildings	No Depreciation
Long Leasehold Property	Over the remaining lease term
Buildings refurbishments	10 Years
Furniture and equipment	4 Years
Motor Vehicles	4 Years
Computer Equipment and software	4 Years

### **Procurement - Best Practice Checklist**

**Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:

- **roles and responsibilities** of those involved in procurement (e.g., MAT Board, Executive Headteacher, Director of Finance, Administration and Resources, other senior managers and the central finance office);
- **delegated authority levels**, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the governing body;
- **arrangements to ensure segregation of duties**;
- **how purchases are recorded** (papers records and computer records (e.g., accounting system arrangements))

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

Where appropriate, **individuals with relevant experience including the end-users (e.g., ICT managers, teachers) should be involved** when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the Trust, but may also help achieve buy-in by the end-users.

An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the Trust's start up period. This person should provide an

assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that they non-essential purchases are challenged.

**Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings;
- the options available should be recorded;
- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

**All key documents should be retained together by the Trust.**

This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision;
- signed copies of the contracts awarded;
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the Trust prior to cessation of the contract with the project management company.

**An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased.** The register should include:

- 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

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of “attractive items” (ie items with a cost below the Trust’s capitalisation threshold) such as minor office equipment.

**Fitness for purpose should be a key consideration in any procurement decision** (eg ICT should be of the correct specification; fixtures and fittings should be of adequate durability).

Opportunities should be taken for **bulk purchase discounts**, for example by combining similar

orders.

When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

**Associated Policy:**

1. RCT Investments and Reserves Policy

**Reviewed by FR&A on 2 February 2021**

**Adopted by the RCT Board on 24 February 2021**

**Next review: September 2021 (annually)**