



**CHESTERTON
COMMUNITY COLLEGE**

**Cambridgeshire Educational Trust
Financial Regulations & Procedures
October 2016**

Contents

1. Introduction
2. Organisation and Authorisation Limits
3. Segregation of Duties
4. Accounting System
5. Financial Planning
6. Payroll
7. Purchasing
8. Income
9. Cash Management
10. Fixed Assets

1. Introduction

- 101 The purpose of this manual is to ensure that Cambridgeshire Educational Trust maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education and Skills (DfE).
- 102 Cambridgeshire Educational Trust 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 Cambridgeshire Educational Trust's accounting procedures; this together with the system manual for SAGE should be read by all staff involved with financial systems.

2. Organisation

- 201 Cambridgeshire Educational Trust 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 governors and staff. The financial reporting structure is illustrated below:

The Governing Body

- 202 The Full Governing Body (FGB) has overall responsibility for the administration of Cambridgeshire Educational Trust's finances. The main responsibilities of the FGB are prescribed in the Funding Agreement between Cambridgeshire Educational Trust and the DfE and in Cambridgeshire Educational Trust's scheme of government. The main responsibilities include:

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

The Resources Committee

- 203 The Resources Committee is a committee of the FGB. The Resources Committee meets at least once a term but more frequent meetings can be arranged if necessary.

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

- the initial review and recommendation of the annual budget to FGB (a **Sports Committee** has been established to initially review and recommend the sports centre budget to the Resources Committee for onward approval of FGB, An agreed terms of reference has been approved by the FGB for the Sports Committee);
- 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 £30,000
- authorising changes to Cambridgeshire Educational Trust and Sports Centre personnel establishment and
- reviewing the reports of the Responsible Officer and the Audit Committee on the effectiveness of the financial procedures and controls. These reports must also be reported to the full FGB.

- 204 There will be a sub-committee of the Resources Committee, known as the **Audit Committee**, which will meet periodically and at least once per annum. An agreed terms of reference has been approved by the FGB.

The specific duties of the Committee shall be to:

- review the risk register and ensure that it is complete and that controls are fit for purpose to reduce risks to the lowest level, economically possible;
- review the body's internal and external financial statements and reports to ensure that they reflect best practice including sound accounting principles;
- discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
- consider all relevant reports from the appointed external auditor, including reports on the Trust's accounts, achievement of value for money and the response to any management letters;
- review the effectiveness of the internal control system established to ensure that the aims, objectives and key performance targets are achieved in the most economic, effective and environmentally preferable manner;
- ensure that internal audit and / or external audit service meets, or exceeds, the standards specified as best practice and meets agreed levels of service;
- consider and advise on the annual and long-term audit programme;
- consider any internal audit reports, including value-for-money reports and the arrangements for their implementation;
- review the code of practice for board members, code of conduct for staff and whistle blowing policies;
- consider any other matters requested to do so reporting at least once per year to the FGB

The Chief Executive

- 205 Within the framework of Cambridgeshire Educational Trust development plan as approved by the FGB the Chief Executive has overall executive responsibility for Cambridgeshire Educational Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Director of Finance & Resources but the Chief Executive still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the FGB have agreed should be approved by them;
- authorising contracts up to £30,000 in conjunction with the Director of Finance & Resources;
- signing cheques in conjunction with one other of the Leadership Team

The Director of Finance & Resources

- 206 The Director of Finance & Resources works in close collaboration with the Chief Executive through whom he or she is responsible to the governors. The Director of Finance & Resources also has direct access to the governors via the Resources Committee. The main responsibilities of the Director of Finance & Resources are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of Cambridgeshire Educational Trust financial position at a strategic and operational level within the framework for financial control determined by the FGB;
- 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 Cambridgeshire Educational Trust;
- the preparation of monthly management accounts;
- authorising orders below £5,000 in conjunction with budget holders and up to £30,000 with

- the Chief Executive;
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

The Responsible Officer

- 207 The Responsible Officer (RO) is appointed by the FGB and provides governors with an independent oversight of Cambridgeshire Educational Trust's financial affairs. The main duties of the RO are to provide the FGB with independent assurance that:
- the financial responsibilities of the FGB are being properly discharged;
 - resources are being managed in an efficient, economical and effective manner;
 - sound systems of internal financial control are being maintained and
 - financial considerations are fully taken into account in reaching decisions.
- 208 The RO will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the FGB. A report of the findings from each visit will be presented to the Resources Committee and / or the Audit Committee.
- 209 As part of an internal scrutiny process the Trust may opt not to appoint a Responsible Officer but instead to:
- Appoint an internal audit service
 - Buy in an additional programme of work from the Trust's external auditors
 - Provide a peer review system with the Chief Financial Officer of another Academy Trust

In order to carry out the same tasks as the Responsible Officer.

Other Staff

- 210 Other members of staff, primarily the Finance Manager, the Finance Assistants 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 Cambridgeshire Educational Trust's financial procedures.

Register of Interests

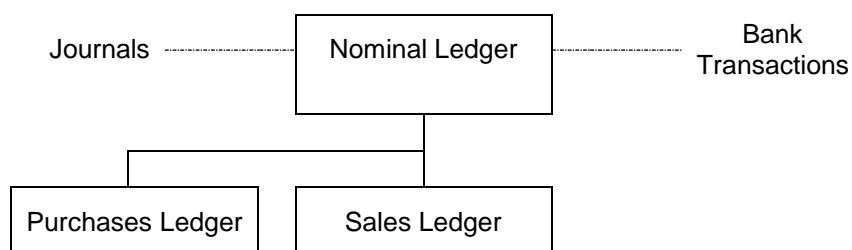
- 211 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which Cambridgeshire Educational Trust may purchase goods or services. The register is open to public inspection.
- 212 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 Cambridgeshire Educational 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.
- 213 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the FGB or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

3. Segregation of Duties

- 301 In order to protect all staff from the accusation of fraud and to safeguard the Trust's interests the Trust ensures that financial responsibilities are appropriately segregated amongst staff. No member of staff is able to see the entire purchasing procedure through from start to finish.
- 302 All budget-holders are able to authorise orders up to their defined authority limit (see section 7). All orders must then be passed through to the Finance Office for processing. Any petty cash transactions must be raised through the same system prior to cash being released. Any orders that require payment via the school's payment card must also be processed and passed through to the Finance Office to process.
- 303 Where staff wish to make purchases and claim the money back, the order should be raised and authorised by the budget-holder in advance as usual. Budget-holders should not make any purchases themselves from their own budgets without prior approval from the Director of Finance & Resources. Any purchases that are made and not pre-authorised by the appropriate person will not be reimbursed.
- 304 Upon receipt of goods that have been ordered the Goods Received Note (GRN) should be signed by the person who receives the goods and passed through to the Finance Office.
- 305 All invoices should be sent direct from suppliers to the Finance Office, budget-holders should not use their own name or e-mail address as a contact for invoices. Upon receiving any invoices, the Finance Office will record the invoice as received on the accounting system and issue the invoice to the budget-holder for authorisation. The invoice should only be signed off by the budget-holder if they are happy that they have both ordered and received the goods. The invoice should then be returned to the Finance Office for processing of the payment.
- 306 All cheques need to be signed by 2 authorised persons (see section 9). No cheque signatory may sign the cheque for an order which they have raised (i.e. is from one of their own budgets). If they are presented with a cheque for one of their own budgets, they must pass it to another signatory to sign.
- 307 A schedule for any electronic (BACS) payments will be drawn up and pre-authorised by cheque signatories. The payment itself will be set up by the Finance Assistant (orders and payments) and then authorised electronically by the Director of Finance & Resources. The Finance Manager will then verify the payment afterwards and sign the schedule alongside the cheque signatories.

4. Accounting system

- 401 All the financial transactions of Cambridgeshire Educational Trust must be recorded on the SAGE accounting system. The SAGE system is operated by the Finance Department and consists of:



_____ Automatic update
----- Manual update

System Access

402 Entry to the SAGE system is password restricted and the IT Network Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

403 Access to the component parts of the SAGE system can also be restricted and the Director of Finance & Resources is responsible for setting access levels for all members of staff using the system and communicating and sharing this with the IT Network Manager.

404 The Director of Finance & Resources is responsible for managing access to the Trust's online bank accounts. The only people who have access are the Finance Manager, the Finance Assistant (with responsibility for orders and payments), the Director of Finance & Resources, and the Chief Executive. Access to the bank accounts are through Barclay's secure verification system which requires a personal card, card reader, password and PIN. It is expressly forbidden for any member of staff to share their online banking credentials with any other member of staff for any reason. The online banking system is designed so that any electronic payments set up need to be authorised by a second person and this system is unable to be bypassed.

Back-up Procedures

405 The IT Network Manager is responsible for ensuring that there are effective back up procedures for the system. All data is stored on network servers, this includes user data, management information systems and financial systems (SAGE). The primary network servers are replicated to two other servers in different site locations overnight. This creates two additional copies of the same data, either of which could be used to restore the original servers, should the original data be destroyed. In the event of a disaster, this would enable business continuity of SAGE.

Transaction Processing

406 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. Journal entries are restricted to the Finance Manager. Any journals undertaken by the Finance Manager are recorded and authorised prior to entry by the Director of Finance & Resources.

407 Bank transactions should be input by the Finance Assistant and the input should be checked, and signed to evidence this check, by the Finance Manager.

408 Detailed information on the operation of the SAGE system can be found in the user manuals held within the system itself.

Transaction Reports

The Director of Finance & Resources will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed may include the audit trail reports if necessary. There will be management accounts prepared summarising expenditure and income against budget at budget holder level.

Reconciliations

409 The Finance Manager 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;
- payroll control account;
- petty cash account;
- Gladstone control account (Sports Centre)
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

- 410 Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance & Resources. The Director of Finance & Resources will review and sign all reconciliations as evidence of his or her review as part of month end procedures.

5. Financial planning

- 501 Cambridgeshire Educational Trust prepares three-year financial forecasts at any given time, which comprises two years plus current. Longer term planning is currently restricted due to there being one year at a time funding available from the DfE, cuts in capital funding and restricted reserves.
- 502 However there is a medium term development plan for the Trust and this will inform the financial plan and budget. The development plan indicates how Cambridgeshire Educational Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 503 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to Cambridgeshire Educational Trust and the planned use of those resources for the following year.
- 504 The development planning process and the budgetary process are described in more detail below.

Development Plan

- 505 The development plan is concerned with the future aims and objectives of Cambridgeshire Educational Trust and how they are to be achieved; that includes matching Cambridgeshire Educational Trust's objectives and targets to the resources expected to be available. Plans are purposefully kept relatively simple and flexible. They are the "big picture" within which more detailed plans are integrated by senior management.
- 506 Each year the Chief Executive will propose a planning cycle and timetable to the FGB 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?"
- 507 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 Chief Executive and he or she reports regularly to the FGB regarding progress against the plan.
- 508 The completed development plan includes detailed objectives for the coming academic year and outline objectives for the following two years. The plan also includes the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 509 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a senior manager. The responsible manager will drive and monitor performance against the defined success criteria throughout the year and report to the Chief Executive on at least a quarterly basis. The Chief Executive reports to the FGB if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 510 The Director of Finance & Resources is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Chief Executive, Resources Committee and the FGB.
- 511 The approved budget must be submitted to the DfE by 30 June each year or if later, within 6 weeks of receiving final funding from the DfE. The Director of Finance & Resources is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 512 The annual budget will reflect the best estimate of the resources available to Cambridgeshire Educational 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.
- 513 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 Cambridgeshire Educational Trust to assess likely level of receipts;
 - review of past performance against budgets to promote an understanding of Cambridgeshire Educational Trust cost base;
 - identification of potential efficiency savings and
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

- 514 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

- 515 Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance & Resources for approval by the Chief Executive, the Resources Committee and the FGB. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 516 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. In March, a formal reforecast will be built based on 6 months actuals. During the last 6 months of the financial year, an out turn forecast will be prepared each month for review by the Chief Executive and Resources Committee, either virtually or for meetings.

Monitoring and Review

- 517 Monthly reports will be prepared by the Director of Finance & Resources. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Chief Executive and the Resources Committee.
- 518 Any potential overspend against the budget must in the first instance be discussed with the

Director of Finance & Resources. The accounting system will not allow payments to be made against an overspent budget without the approval of the Director of Finance & Resources.

- 519 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 vire money from another budget or from the contingency. All budget virements must be authorised by the Resources Committee.

6. Payroll

- 601 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

- 602 The FGB has approved a personnel establishment for Cambridgeshire Educational Trust. Changes can only be made to this establishment with the express approval in the first instance of the Personnel and Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 603 The Chief Executive has authority to appoint staff within the authorised establishment except for local Head Teachers, Deputy Head Teachers and the Director of Finance & Resources whose appointments must follow consultation with the governors. The Chief Executive 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 & Resources immediately.
- 604 Day to day personnel administration is undertaken by the Chief Executive's PA. Personnel advice is provided by a third party EPM. Alterations to contracts are authorised in the first instance by the Chief Executive, the local Head Teacher, or by the Director of Finance & Resources following consultation with the Chief Executive or local Head Teacher. The PA is able to make changes to the personnel system electronically via the EPM portal. All amendments are printed and reviewed independently by the Director of Finance & Resources before passing to the Finance Manager, responsible for checking payroll. Access to amend the personnel data on the portal is restricted, the Finance Manager is unable to make alterations so to provide for adequate segregation of duties.

Payroll Administration

- 605 Cambridgeshire Educational Trust payroll is administered by a third party (EPM) and access to the EPM Portal system allows alterations for example to claim overtime or deduct pay. Access to amend the payroll system is restricted to the Finance Manager, the Chief Executive's PA is not allowed access so to provide for adequate segregation of duties. The Director of Finance & Resources avoids making physical alterations to the elements of personnel that affect pay, unless key staff are absent. Access to the system is password controlled by EPM.
- 606 All staff are paid monthly through the EPM payroll package. A master file is created for each employee which records:
- salary;
 - bank account details;
 - taxation status;
 - personal details and
 - any deductions or allowances payable.
- 607 New master files can only be created by the Chief Executive's PA with the express approval of

the Director of Finance & Resources. Any master file amendments must be authorised in advance of the payroll run by the Director of Finance & Resources. Any master file amendments made by the Director of Finance & Resources must be authorised by the Chief Executive or local Head Teacher.

608 The Chief Executive's PA is responsible for compiling absence data. This is compiled monthly and authorised by the local Head Teacher and Director of Finance & Resources. All staff absence is individually documented by the staff member and their line manager. Any deductions from pay will be authorised by the local Head Teacher and / or the Director of Finance & Resources and entered by the Finance Manager. Completed absence forms are held on personnel files by the Chief Executive's PA.

609 There is a monthly timetable and calendar distributed by EPM for cut off dates for (a) altering personnel data and (b) amending payroll for additions or deductions of pay. This is strictly complied with at all times. Validation is submitted to and checked by the Finance Manager.

Payments

610 After the payroll has been processed and checked by the Finance Manager, but before payments are dispatched, validation data is printed, reviewed and authorised together with authority to release payment by the Director of Finance & Resources (the only other person who can do this in the absence of the Director of Finance & Resources is the Chief Executive or EPM following his or her written authority).

611 All salary payments are made by BACS.

612 The Finance Manager prepares a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases, reduction in hours and so on. This reconciliation is reviewed and signed by the Director of Finance & Resources.

613 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the validation reports.

614 The Director of Finance & Resources selects one employee at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly.

615 After the payroll has been processed cash book journals are undertaken by the Finance Manager to update SAGE nominal ledger. Postings will be made both to the payroll control account and to individual cost centres. The Finance Manager reviews the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

616 On an annual basis the Director of Finance & Resources checks 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 Chief Executive's PA's office which should match the EPM Portal record.

7. Purchasing

Authorisation Limits

TOTAL VALUE	PROCEDURE	SHORTLISTING/ AWARDING LIMITS
Up to	1 oral quotation (confirmed in writing	Budget holder

£1,500	where the total value exceeds £500)	
£1,500.01 - £5,000	1 written quotation	Director of Finance & Resources or local Head Teacher or Chief Executive
£5,000.01 - £10,000	3 written quotations	Director of Finance & Resources or local Head Teacher or Chief Executive
£10,000.01 - £30,000	3 written quotations	Chief Executive or local Head Teacher in conjunction with Director of Finance & Resources
£30,000.01 - £75,000	Invitation to tender to at least 4 candidates. Any pre-selected candidates must be approved by the Chair of Governors.	Resources Committee and Chief Executive
£75,000.01 – EC threshold	Invitation to tender by advertisement/approved list to at least 4 candidates <i>The thresholds for EU values for Goods and Services in force at 1st Jan 2016 are £164,176 and Public Works (capital) £4.1m</i>	Full FGB and Chief Executive
Above EU threshold	EU Procedure or where this does not apply, invitation to tender by advertisement/approved list to at least 6 candidates	Full FGB, Chief Executive (and DfE)

701

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

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of Cambridgeshire Educational Trust;
- **Accountability**, Cambridgeshire Educational Trust is publicly accountable for its expenditure and the conduct of its affairs;

- **Fairness**, that all those dealt with by Cambridgeshire Educational Trust are dealt with on a fair and equitable basis.

Routine Purchasing

- 702 Budget holders will be informed of the budget available to them at least one month before the start of the academic year or as soon as the budget receives approval by FGB. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. An electronic report detailing actual expenditure against budget will be supplied by e-mail to each budget holder soon after month end work has been undertaken.
- 703 Routine purchases up to £5,000 can be ordered by budget holders, although in reality, many budget holders have very low budgets to begin with, e.g. Heads of Department, therefore individual orders are usually for much less. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. 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 & Resources.
- 704 All orders must be made, or confirmed, in writing using an official order form or order book, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder or come from the e-mail account of the budget holder.
- 705 Appropriately authorised orders are recorded in SAGE by the Finance Assistant as formal orders. SAGE allocates a reference number (an official purchase order).
- 706 The budget holder must make appropriate arrangements for the delivery of goods to the relevant location, although this can and often is, organised by the Finance Assistant. On receipt 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.
- 707 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 Assistant will keep a central record of all goods returned to suppliers.
- 708 All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Finance Assistant in the purchase ledger. The Finance Assistant will stamp invoices with a grid against which the following can be evidenced:
- a) invoice arithmetically correct;
 - b) invoice posted to purchase ledger;
 - c) goods/ services received;
 - d) goods/services as ordered;
 - e) prices correct;
 - f) invoice authorised for payment;
 - g) VAT treated correctly and
 - h) payment made.
- 709 Boxes (a) and (b) will be completed by the Finance Assistant. The invoice will then be sent to the budget holder to complete boxes (c), (d) (e) and (f). Before completing these boxes the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Office. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 710 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.

- 711 When the budget holder has completed boxes (c), (d) (e) and (f) the invoice, order and GRN should be sent to the Finance Office. On a weekly basis the Finance Assistant will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Director of Finance & Resources. The Director of Finance & Resources will authorise the overall payment of the selected invoices.
- 712 The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the cheques or electronic payments (BACS) required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories. BACS payments must be listed on a schedule which is to be signed off by two of the cheque signatories beforehand. The electronic transfers will then be raised by the Finance Assistant and approved electronically by the Director of Finance & Resources (or the Chief Executive in his or her absence). After the payment has taken place, the Finance Manager will counter-sign the schedule to confirm that the payments have taken place as instructed.
- 713 If paying by cheque, then the cheques will be dispatched to suppliers by the Finance Assistant who will also complete boxes (g) and (h) on the invoice and then place it in the appropriate file. If paying by BACS, the Finance Assistant will complete boxes (g) and (h) on the invoice and then place it in the appropriate file once the BACS payment has been authorised by the signatories.

Orders over £5,000 but less than £30,000

- 714 At least three written quotations should be obtained for all orders over £5,000 but less than £30,000 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 e-mailed confirmation of quotes has been received before a purchase decision is made.

Orders over £30,000

All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures.

Forms of Tenders

- 715 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. This process will be organised by the Director of Finance & Resources and follow best practice. 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 Cambridgeshire Educational 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

716 Full consideration will be given to:

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

717 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

718 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.

719 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

- 720 The invitation to tender should state the date and time by which the completed tender document should be received by Cambridgeshire Educational 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

- 721 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 £75,000 - the Director of Finance & Resources or the Chief Executive together with, for example catering specialist or heating engineer specialist assisting in the tender process itself;
 - For contracts over £75,000 - either the Director of Finance & Resources or the Chief Executive plus a member of the Resources Committee together with, for example, catering specialist or heating engineer specialist assisting in the tender process itself;
- 722 A separate log 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

- 723 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.
- 724 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.
- 725 Full records should be kept of all criteria used for evaluation and for contracts recommending award a supporting report will be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £75,000 the decision and criteria should be reported to the Resources Committee. Over £75,000 will be reported in full to the FGB.
- 726 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.
- 727 The accepted tender should be the one that is economically most advantageous to Cambridgeshire Educational Trust. All parties should then be informed of the decision.

8 Income

- 801 The main sources of income for Cambridgeshire Educational Trust are the grants from the DfE, lettings business, the sports centre surplus of income over expenditure each year, a small number of sponsors and grant awards. The receipt of these sums is monitored directly by the Director of Finance & Resources who is responsible for ensuring that all grants due to Cambridgeshire Educational Trust are collected.

Cambridgeshire Educational Trust also obtains income from parents, mainly for student meals and educational trips and activities.

Trips

- 802 A lead teacher must be appointed for each trip to take responsibility for the trip overall, including for financials. Trips should neither make a profit or loss. The Finance Assistant prepares detailed records (spreadsheets) to assist trip organisers and to support bankings.
- 803 Students should make payments at the Finance Office. A receipt must be issued for all monies collected in cash over £30 and the value of the receipt and the number of the receipt recorded against the student making the payment.
- 804 The Finance Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts, although the Finance Office can assist.

Sports Centre

- 805 The sports centre has been created as a separate company, under the umbrella of the Trust. Any surplus of income over expenditure is donated to the Trust for either reinvestment in the sports centre infrastructure or for the sole use of the Trust as part of delivering its educational aims. It has a detailed budget for income and expenditure, this is overseen and approved by the Sports Committee who report in turn to the Resources Committee. Monthly financial review is in place. There is a separate “company” within SAGE for managing the Sports Centre financials. This mirrors the Trust in that it has a nominal ledger, purchase ledger and sales ledger, fed by journals, bank accounts and petty cash.
- 806 The management of the sports centre development plan and financials is undertaken by the Director of Finance & Resources.

807 Lettings

- 808 The Director of Finance & Resources is responsible for ensuring lettings rates are approved by the Resource Governors each year (around May) in readiness for September lettings. He or she is also responsible for ensuring lettings targets are achieved and for ensuring the lettings business is developed continually as an income stream for the Trust.
- 809 Debts are only written off after considerable chasing and if over £500 following Resource Committee approval.

Custody

- 810 Official, pre-numbered 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 Finance Office safe prior to banking. Securicor collections for banking take place twice per week, or more frequently if the sums collected exceed the £5,000 insurance limit on the Finance Office and Sports Centre safes.
- 811 Monies collected are prepared for banking in their entirety in the appropriate bank account. The Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations

must be prepared promptly after each banking and must be reviewed and certified by the Director of Finance & Resources.

9 Cash Management

Bank Accounts

- 901 The opening of all accounts must be authorised by the Resources Committee 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

- 902 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

- 903 All cheques and other instruments authorising withdrawal from Trust bank accounts must bear the signatures of two of the following authorised signatories:
- Chief Executive
 - Deputy Head Teachers
 - Assistant Head Teachers

The Director of Finance & Resources cannot sign cheques, but will provide the level of authorisation for electronic (BACS) payments.

- 904 There are two Barclays purchasing cards which are held by the Finance Manager and the Finance Assistant (orders and payments). All purchases made using these cards will be subject to the same prior authorisation process as any other transactions. Both of these staff members are not budget-holders and therefore cannot authorise the payments themselves. All transactions paid by card must be entered onto the accounting software as usual. At the end of the month both cards should be reconciled and neither staff member can reconcile their own card account. Under no circumstances should the cards, details of the cards or PIN numbers be shared amongst any members of staff (including between the Finance Manager and the Finance Assistant).
- 905 This provision applies to all accounts, public or private, operated by or on behalf of the FGB of Cambridgeshire Educational Trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

- 906 The Director of Finance & 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 Cambridgeshire Educational Trust's cash book;
 - reconciliations are prepared by the Finance Manager;
 - reconciliations are subject to an independent monthly review carried out by the Director of Finance & Resources or in his or her absence the Responsible Officer (RO) and

- adjustments arising are dealt with promptly.

Petty Cash Accounts

- 907 Cambridgeshire Educational Trust maintains a maximum cash balance of £1,000. The cash is administered by the Finance Assistant and is kept in the Finance office safe. It is subject to a weekly check by the Finance Assistant herself, independently by the Finance Manager once per month and periodically without notice by the Director of Finance & Resources.

Deposits

- 908 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

- 909 In the interests of security, petty cash payments will be limited to £100. Higher value payments should be made by cheque directly from the main bank account as a cash book payment and following the consent of the Director of Finance & Resources.

Administration

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

Physical Security

- 911 Petty cash should be held in a locking cash box which is put in the safe overnight. Access to the box is restricted to one person. Detailed procedures are held separately for petty cash so as to protect the individual administering the system and the Trust and sports centre against theft or error.

Cash Flow Forecasts / Short Term Investment

- 911 The bank accounts for both the sports centre and the Trust are in a healthy state. As per our banking arrangements with Barclays, the Trust has to maintain a balance each day of £250,000. Any amount over this limit will be transferred to a higher interest account automatically overnight for the Trust and if the balance was to fall below £250,000, a deposit back to the current account would take place. Bank balances will be reviewed regularly by the Director of Finance & Resources who will be responsible for preparing cash flow forecasts to ensure that Cambridgeshire Educational Trust and the sports centre has sufficient funds available to pay for day to day operations. Higher interest banking for the sports centre is not available at this time, as we are receiving free banking from Barclays which is a considerable saving.

10 Fixed assets

Asset register

- 1001 All items purchased with a value over Cambridgeshire Educational 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

1002 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 Cambridgeshire Educational Trust's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

1003 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

1004 All the items in the register should be permanently and visibly marked as Cambridgeshire Educational 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 FGB. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by Cambridgeshire Educational Trust but do not belong to it this should be noted.

Disposals

1005 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance & Resources and, where significant, should be sold following competitive tender. Cambridgeshire Educational 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.

1006 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence Cambridgeshire Educational Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as Cambridgeshire Educational Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

1007 Cambridgeshire Educational 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 Cambridgeshire Educational Trust must repay to the DfE a proportion of the sale proceeds.

1008 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

1009 Items of Trust property must not be removed from any premises without the authority of the

local Head Teacher or the Director of Finance & Resources. A record of the loan must be recorded in a loan book and booked back in to the Trust when it is returned.

- 1010 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 Cambridgeshire Educational Trust's auditors.

Approval

Resource Committee:

Ratified by Full Governors: