



Policy and Procedures for Financial Management

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Section One – Financial Policy

03 Introduction:

The purpose of this manual is to ensure that the RDUTC maintains and develops systems of financial controls that conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

RDUTC must also comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE. This manual provides detailed information on RDUTC's accounting procedures and should be read by all staff involved with financial systems.

This document does not replace or change any obligations placed upon the Academy Trust or its governors by law or by regulations issued by the Department for Education, Charity Commissions, Customs and Excise and other statutory bodies.

Definitions

- The terms Trustee, Director or Governor shall herein be referred to as Governor and mean one and the same
- The terms Governing Body and Board of Trustees shall herein be called Governing Body and mean one and the same

Links to other Documents

There are a number of other policies that deal with financial aspects, these include, but are not limited to:

- ESFA Academies Financial Handbook
- Trusts Articles of Association
- Master and supplemental Funding Agreements
- HM Treasury's 'Regularity, Propriety & Value for Money'
- Prevention of Fraud Policy
- Procurement Policy
- Whistleblowing Policy
- Charging & Remissions Policy
- Debt Policy
- Pay Policy
- Terms of Reference of committees established by Trustees

As an established part of RDUTC's induction procedures, all staff are given a copy of the Whistleblowing Policy and made aware of its significance. Staff members are required to sign a register to acknowledge receipt.

All those holding public office must also perform their duties in accordance with the 'Seven Principles of Public Life'.

Information Security – Data Protection Act 2018

The purpose of the Data Protection Act 2018 is to restrict access to personal data, giving access to authorised personnel only. RDUTC recognises its obligation of non – disclosure to third parties and gives access only to those personnel with a need and a right to know the information to do their job.

2.0 Organisation

RDUTC has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The organisation of the financial management of RDUTC is as follows:



The financial reporting lines are indicated as above. The organisation of RDUTC encourages regular interaction between those making financial decisions and those affected by them through the passing of information regarding any proposed actions through the reporting lines indicated.

Members

All Academy Trusts have members, in addition to the Board of Directors – also referred to as Trustees. Members have a similar role to shareholders of a company limited by shares. In that they:

- Are the subscribers to the memorandum of association (where they are founding members)
- May amend the articles of association subject to any restrictions created by the funding agreement or charity law
- May, in certain circumstances, appoint new members or remove existing members
- Have powers to appoint and remove trustees in certain circumstances
- May, by special resolution, issue direction to the trustees to take a specific action
- Appoint the trust's auditors and receive the audited annual accounts (subject to the Companies Act)
- Have power to change the company's name and, ultimately, wind it up.

The minimum requirement is for there to be three members, though the Department for Education recommends a minimum of five to ensure a diverse range of perspective. It is also good practice to have a degree of separation between the Members and Board – the Department recommends that the majority of members are independent from the Board. Employees of the Trust cannot generally be members.

The Governing Body:

The Board of Governors is required to conduct its business in accordance with the following:

- Its Articles of Association and company law
- The requirements of the Department for Education (DFE) as set out in the Funding Agreement, the Academies Financial Handbook (as updated each year) and the Governance Handbook.
- The requirements of the Charity Commission including the production of accounts in accordance with the Statement of Recommended Practice (SORP)

The Governing Body has overall responsibility for the administration of the school's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between RDUTC and the DfE

and in the Academy's scheme of government. The main responsibilities include:

- Ensuring clarity of vision, ethos and strategic direction
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
- Overseeing and ensuring effective financial performance.

The Governing Body should meet at least three times a year, and conduct business only when quorate. All trustees should be provided with monthly management accounts at least 6 times during the year, If the board meets less than six times a year it must describe in its governance statement, accompanying its annual accounts, how it maintained effective oversight of funds with fewer meetings.

The Academies Financial Handbook provides detailed guidance on how Board of Governors should conduct their business. It also provides in an appendix a Schedule of Requirements (The Musts). All Governors need to be aware of these requirements.

The ESFA publish a calendar of key dates prior to the commencement of each academic year, this should be tabled at the first Governors meeting of the academic year, so that all Governors are aware of their responsibilities.

The Finance and Audit Committee:

The Finance and Audit Committee is a committee of the Governing Body which meets at least once a term. More frequent meetings can be arranged if necessary. This committee will carry out audit duties in accordance with the Academies Financial Handbook

The meetings of this group of Governors, who are able to consider financial matters in more detail and report to the full Governing Body, allow Governors to have an oversight of financial matters.

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference, which have been authorised by the Governing Body. The main responsibilities include:

- To have an annual programme of work
- Consideration in detail of budgets and financial plans
- The initial review and authorisation of the annual budget
- The regular monitoring of actual expenditure and income against budget
- Reporting to Governing Body on budgetary performance
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- Authorising the expenditure over £31,000 and up to £50,000
- Authorising changes to RDUTC's personnel establishment
- Ensuring consistency and adequate explanations of variances
- Reviewing Audit Reports on the effectiveness of the financial procedures and controls
- Provide support and guidance on matters relating to the Premises and Health & Safety.

Minutes to be taken by The Principal's PA and reviewed by Chair prior to circulation.
Quorum – 3, in line with DfE Academies Financial Handbook requirements.

The Principal (Accounting Officer):

The Principal will act as the Accounting Officer, as defined in the Academies Financial Handbook. The accounting officer role includes specific responsibilities for financial matters, this includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources.

Their role is to ensure that:

- All items of income and expenditure within the Academy Trust are dealt with in accordance with legislation, the funding agreement and other DfE guidance and the Academy Trusts own internal procedures (**regularity**)
- Income and expenditure within the Academy Trust are dealt with in accordance with Parliament's intentions (**propriety**)
- The best possible educational outcomes are achieved within the Academy Trust through economic, efficient and effective use of all resources (**value for money**)

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to EFA with the audited accounts. The accounting officer must also demonstrate how the Academy Trust has secured value for money via the governance statement in the audited accounts.

The Accounting Officer must take personal responsibility for ensuring the Board is compliant with the Academies Financial Handbook and other guidance from the DfE and EFSA, such as the 'Dear Accounting Officer' letters.

The Principal has overall executive responsibility for RDUTC's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director but the Principal still retains overall responsibility for this, in particular:

- Approving new staff appointments within the authorised establishment, except for members of the Senior Leadership Team and any staff paid on the leadership scale which the Governing Body have agreed should be approved by them;
- Authorising expenditure up to £30,000 excluding VAT in conjunction with the FINANCE DIRECTOR
- Authorising expenditure between £31,000 and £50,000 excluding VAT in conjunction with the FINANCE DIRECTOR and Chair of the Finance and Audit Committee
- Signing cheques in conjunction with other authorised signatories
- Disposal of assets up to an amount designated from time to time in the DfE Academies Handbook
- Preparing the annual budget in conjunction with the FINANCE DIRECTOR
- Keeping the Finance and Audit committee informed about the budgetary position

The Finance Director (Chief Accounting Officer):

The Financial Director works in close collaboration with the Principal through whom he or she is responsible to the Governors. The Finance Director also has direct access to the Governors via the Finance and Audit Committee.

The Academies Financial Handbook states that the Chief Financial Officer will act within the delegated authority given to the Principal. The role will cover the following areas:

- Financial planning, monitoring and reporting - The Academy Trust must prepare and monitor financial plans to ensure the financial health; this includes budgeting, cash management, investments, income generation and financial reporting
- Internal control - The Academy Trust must have in place sound internal control, risk management and assurance processes.
- Internal scrutiny - The Academy Trust must have in place a process for checking its financial systems, controls, transactions and risks.
- Transparency - The Academy Trust must be transparent with its governance and financial arrangements.

The main responsibilities of the Finance Director are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- The management of RDUTC's financial position in conjunction with the Principal at a strategic and operational level within the framework for financial control determined by 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 academy
- The preparation of monthly management accounts
- Signing cheques in conjunction with the Principal and other authorised signatories
- Ensuring forms and returns are sent to the DFE, Charity Commission, Pension Scheme Administrators and others in line with guidance

Internal Scrutiny

All academy trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and others controls, and risk management procedures, are operating effectively. Governors meet this requirement through a programme of peer reviews undertaken by the Finance Director / Chief Finance Officer of a neighbouring UTC.

The trust must identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed.

Checks are undertaken to inform Governors whether:

- The financial responsibilities of the Governing Body are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully considered in reaching decisions

The report to the Finance & Audit Committee should:

- Evaluate the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- Offer advice and insight to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
- Ensure all categories of risk are being adequately identified, reported and managed.

Other Staff

Other members of staff, particularly any finance officer 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 RDUTC property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of RDUTC's financial procedures.

All staff should be made aware of this Policy & Procedures and the Whistleblowing Policy of the Academy Trust. The Principal, all finance staff and those staff who are budget holders or are bank signatories must confirm to the Board of Governors that they have read and understood this policy document.

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, RDUTC governors and staff are required to declare any financial interests they have in companies or individuals from which RDUTC 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 that may have dealings with RDUTC. The disclosures should also include business interests of relatives such as a parent or spouse or business partner.

All parties will be asked to complete a Business Interest proforma and submit either a nil return or state the nature of interest. It is the responsibility of each party to give immediate notification of any changes to the current interest or any new interests.

The Business Interest proformas are collated to form a Business Interests Register. The FINANCE DIRECTOR is responsible for ensuring the register is kept up to date at all times. This register is kept in the FINANCE DIRECTOR's office and is available for inspection by those entitled to see it. This will be presented annually to the governors during the Autumn term meeting. The Clerk to the Governors will ensure this is an item on the full Governing Body agenda.

All staff involved in the procurement process will not accept any fee or reward whatsoever other than their proper remuneration.

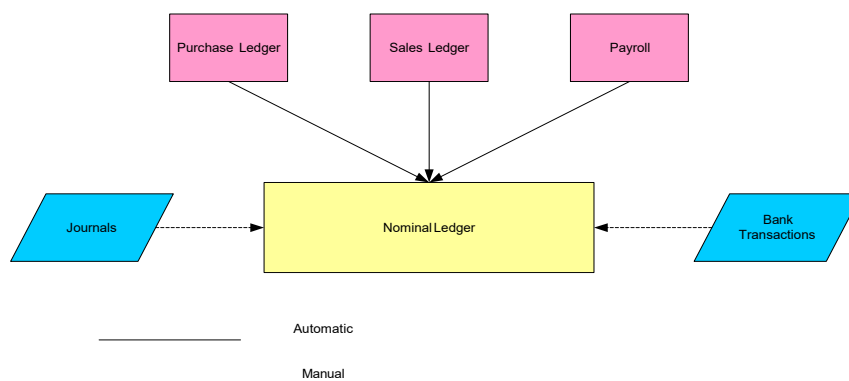
The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting and will not be involved in any part of the specific procurement process.

Improper Business Practices

Anyone involved in the purchasing process must not accept any bribe, gift, gratuity or inducement from persons who have tendered or who might tender for the supply of goods and services. This does not include unsolicited gifts of minimal value.

Contracts must not be artificially split up so that the value of individual purchases falls below the delegated or authorised limit.

03 Accounting system



All the financial transactions of the Academy Trust must be recorded on the Academy Trust's accounting

system

The accounting system used is Sage 2000 for Education.

Computing facilities are used for financial management and administration arrangements there use should:

- Conform to the requirements of Data Protection legislation from time to time in force;
- Secure the accuracy and integrity of all financial data relating to the Academy Trust.

In particular, such arrangements should make proper provision for:-

- The physical security of computer equipment and software;
- The restriction of access to the means of processing or reading data to authorised personnel only;
- Procedures for the control of input and output;
- Procedures for the reliable reconstruction of records in the event of system failure (system back-up);
- Procedures for the processing of data by alternative means in the event of other than temporary breakdown.

The Academy Trust uses computers to process and record financial and other management data including pupil and staff records. These records are registered with the Information Commissioner's Office under the Data Protection Act 2018.

Security of the computer is controlled through strict observation to password security and frequent changes of passwords.

Sage 2000 is a cloud hosted system. As part of the contract Sage back up records, this provide college with additional assurances regarding the security of data.

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.

Detailed information on the operation of the Academy Trust's financial system can be found in the user manuals provided – these are available online within the system.

The Finance Director can obtain and review system reports to ensure that all transactions are posted correctly to the accounting system.

Reconciliations

The Finance Director is responsible for ensuring the following are reconciled each month:-

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- VAT control accounts
- Suspense accounts
- Records relating to accruals and pre-payments
- Bank balances per the cash book to the bank statements.

Any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer, who will review and sign all reconciliations as evidence of review.

The Accounting Officer will be asked to review and sign off each month:

- Checking & initialing a report of all gross payments to staff compared to the expected payment
- Checking & initialing
- Checking & initialing the monthly bank reconciliation
- Checking & initialing the credit card statement
- Checking & initialing of the checklist to ensure all month end actions have been undertaken

4.0 Financial Planning

RDUTC prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the financial planning process and reflects the priorities identified in the school self-evaluation and highlighted in the school improvement plan. The financial plan, in conjunction with the school improvement plan, indicates how RDUTC's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year. This is designed to meet the priorities outlined in the school improvement plan.

School Improvement Plan

The school improvement plan is informed by the self-evaluation process and lists the targets and strategies identified to deliver an outstanding learning experience for all students. Due regard is also given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

The improvement plan includes specific resource costings over and above day-to-day expenditure.

Annual Budget

The Principal, in conjunction with Finance Director, is responsible for preparing and obtaining approval for the annual budget. The budget must be initially reviewed and authorised by the Finance and Audit Committee and approved by the Governing Body.

The approved budget must be submitted to the EFA by the date published by them each year. The Principal, in conjunction with the Finance Director, is responsible for establishing a timetable that 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 RDUTC for the forthcoming year and will detail how those resources are to be utilised.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of students to estimate the amount of DfE grant receivable
- Review of other income sources available to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of RDUTC's cost base
- Identification of potential efficiency savings

- Review of the main expenditure headings in light of the school improvement 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 are explored and expenditure headings reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets are revised until income and expenditure are in balance.

If a potential surplus is identified, this may be:

- Held back as a contingency
- Allocated to areas of need
- Identified for a specific project

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget is prepared by the Principal in conjunction with the Finance Director for initial review and authorisation by the Finance and Audit Committee and then approval by the Governing Body.

The budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget is a working document that may need revising throughout the year as circumstances change.

Monitoring and Review

The Finance Director prepares monthly reports as set out in this document. The reports detail actual income and expenditure against budget both for budget holders and, at a summary level, for the Principal and the Finance and Audit Committee.

Any potential overspend against the budget is, in the first instance, discussed with the Principal. The monitoring process is 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 due to an end of year overspend are authorised by the finance and audit committee and reported to the Governors in accordance with the terms of reference.

5.0 Income

Income

The main source of income for RDUTC is the grant from the DfE. The receipt of this sum is monitored directly by the Finance Director who is responsible for ensuring that all grants due to RDUTC are collected.

RDUTC may also obtain income from the following:

- Donations from its sponsors, partners and others
- School trips, catering or tuition books and equipment in relation to students
- Funds associated with extra curricula activities

- Lettings & Hire Charges – from the wider community
- Consultancy services provided to other academies and schools

Invoices should be raised where RDUTC provides a service, the standard terms for payment is within 28 days, unless it is a condition of the service that payment is received first.

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 safe prior to banking. Banking should take place every month or more frequently if the sums collected exceed the insurance limit.

Bad Debts

All outstanding monies should be pursued if they are outstanding more than 28 days. This should initially be in writing but may be followed up by phone calls or a face to face conversation. Once a debt is outstanding for 60 days the matter should be dealt with by the Finance Director in accordance with the RDUTC's policies.

The Board of Governors has approved that, debtors' arrears up to the value of £1,000 may be written off by the Principal. Debts over £1,000 will require approval of Governors before being written off.

6.0 Expenditure (Purchases)

A large proportion of purchases is paid for with public funds. RDUTC maintains the integrity of these funds by following the general principles of:

- **Probity:** RDUTC must demonstrate that there is no corruption or private gain involved in RDUTC's contractual relationships
- **Accountability:** RDUTC is publicly accountable for its expenditure and how it conducts its affairs
- **Fairness:** RDUTC must ensure that all those dealt with by RDUTC are dealt with on a fair and equitable basis

Value for Money (Best Value)

RDUTC understands that best value is a duty to deliver services to clear standards covering both cost and quality by the most economic, efficient and effective means. There must be a balance between cost and quality and as such value for money does not necessarily mean obtaining the cheapest purchase price. Other dimensions of a potential purchase should be considered such as appropriate quality, time spent in pursuing cost savings, suitability, delivery date and relationship with and reliability of supplier. RDUTC endeavours to take into account value for money in all its transactions.

Purchasing Controls

All paperwork and documentation is retained relating to all transactions. Where a best value exercise has been conducted, this paperwork can be found in the Finance Director's office. For all other transactions, a complete audit trail of paperwork can be found in the transactions folders stored in the main office.

Routine Purchasing

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. Budget holders will be provided each month with details of actual expenditure and known commitments against budget. Budget holders should review this and advise the Finance Director immediately of any concerns or missing commitments.

It is the responsibility of the budget holder to manage their budget and ensure that funds available are not overspent.

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 provided to the Finance Director.

Purchase Orders may be processed by the completion of a paper-based process or through a web portal, which operates alongside the accounts system.

Purchases must be authorized in accordance with the scheme of delegation, and for larger purchases up to three quotes may be required to ensure RDUTC is getting value for money.

Non Routine Purchases - Forms of Tender

There are three forms of tender procedure: open; restricted; negotiated. The circumstances in which each procedure should be used are described below. Further guidance on tenders is available from the Finance Director.

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the FINANCE DIRECTOR 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
- The nature of the goods is such that only specific suppliers can be expected to supply the RDUTC's requirements
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

Negotiated Tender: This is where the terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in the following 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

7.0 Payroll

The main elements of the payroll system are:

- Staff appointments
- Payroll administration
- Payments

Staff Appointments

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

The Principal has authority to appoint staff within the authorised establishment except for members of the Senior Leadership Team and staff paid on the leadership scale whose appointments must follow consultation with the Governors.

The Principal's PA maintains personnel files for all members of staff that include contracts of employment. All personnel changes are notified, in writing, to the Finance Director immediately. Annual salary statements are kept for all employees.

Payroll Administration

Hull City Council administers the monthly RDUTC payroll, they also provide a Human Resources Service. Approval of the Finance & Audit Committee is needed to change this arrangement; which would normally occur at the start of a tax year (April).

While Hull CC Human Resources will inform Hull CC Payroll, the Finance Director is responsible for ensuring all new starters, leavers and other payroll changes are notified to the provider at the start of each month. Documents are retained in the payroll file.

Details of staff sickness are recorded by the 'Cover Supervisor', and they provide a monthly return that is forwarded to Payroll at the start of each month for the following month.

Staff who are paid on submission of a time-sheet must complete a time-sheet and submit to the Finance Director by the first working day of the following month, who will ask the Principal to authorise before submission to Payroll.

Payments

Once monthly staff returns have been passed to the provider, they calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and payments for these amounts should be prepared by the due date. Salary payments and payments to HMRC and Pension Providers are made by BACS.

The Finance Director will receive reports from Payroll as the BACS file for net pay is created by Payroll. The following checks are undertaken by the Finance Director and countersigned by the Principal;

- A reconciliation between the current month's gross pay and the expected gross pay for every staff member
- A reconciliation of gross pay to the staff file and check on the pension payments for a sample of staff (3/4 a month).
-

After the payroll has been processed and the nominal ledger has been updated, the Finance Director should review the payroll control account and individual cost centres to ensure amounts have been correctly posted

Staff Expenses

All staff expenses will be paid through payroll. See notes below on Petty Cash.

8.0 Cash Management

Bank Accounts

The opening of all accounts is authorised by the Governing Body who 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 are also subject to the same level of control.

Deposits

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

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

Income is entered into the Sage accounting system. This provides further corroboration of banking.

Payments and Withdrawals

All cheques and other instruments authorising withdrawal from RDUTC bank accounts must bear the signatures of two authorised signatories and be in accordance with limits set out in the scheme of delegation. This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body.

Authorised signatories must not sign a cheque or authorisation relating to reimbursed expenses for which they are claiming.

Credit Card

The school has two credit cards issued in names of the Principal and Finance Director. The cards are stored in the safe when not in use.

All transactions follow the normal ordering approval procedures, having particular regard to separation of duties where possible. Before instigating a transaction, it must be confirmed that sufficient funds are available. The delivery address must be RDUTC except in exceptional circumstances approved by the Principal.

VAT invoices are obtained if VAT is to be reclaimed. It is the responsibility of the cardholder to obtain receipts for all off-site transactions. All documents relating to the transaction are filed in the Credit Card File (delivery notes, receipts and order confirmations etc.), which can be found in the Finance Director's Office.

When the Credit Card Statement is received a summary of all the transactions is prepared and signed off by the Principal.

Petty Cash Accounts / Staff Expenses

RDUTC does not intend to hold significant petty cash; however a small float of up to £50.00 will be available to support the immediate needs of pupils and staff. Receipts should be obtained for all expenditure. When a 'top up' of the float is required the Petty Cash Float should be reconciled by a member of the Office Staff and checked by the Finance Director.

Where purchase cannot be made by the issuing a purchase order or using a credit card, out of pocket expenses from staff will be settled through pay roll.

The claim form and receipts should be submitted at the end of the month and will be authorised by the

Principal. The Principal's out of pocket expenses will be authorised by Chief Financial Officer.

The completed signed form with receipts should be forwarded to the Finance Office for inclusion in the next pay roll run.

Administration

The Finance Director 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 the Academy Trust's cash book (Sage)
- Reconciliations are subject to a monthly review and sign off carried out by the Principal
- Adjustments arising are dealt with promptly.

Cash Flow Forecasts

The Finance Director is responsible for monitoring cash flow to ensure that RDUTC has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the extra funds. Similarly plans are made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

Investments

Investments are only made in accordance with written procedures approved by the Governing Body. See separate policy on this.

Maintenance of Complete and Permanent Records

RDUTC ensures that complete financial records are maintained at all times so that transactions are traceable from the original documentation to the accounting records and vice versa. These records are located in the Finance Director's office or in designated stores.

Financial documents are kept for 6 years after the end of each financial year. The records to be retained include all invoices paid, cancelled or returned cheques, bank statements and complete year-end documentation.

9.0 Fixed Assets

Asset Register/Inventory

RDUTC maintains an Asset Register. All items purchased with a value over £1000 are entered on the Asset Register.

The Asset Register:

- Ensures that staff take responsibility for the safe custody of assets
- enables independent checks on the safe custody of assets, as a deterrent against theft or misuse
- ensures the effective utilisation of assets, including planning for their replacement
- helps external auditors to draw conclusions on the annual accounts and the RDUTC's financial system
- supports insurance claims in the event of fire, theft, vandalism or other disasters

The Asset Register includes the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- location or staff member responsible for the asset
- Depreciation / book value

Record-Keeping Procedures for the Asset Register

- All ICT equipment is logged on an audit document by the Network Manager
- All non ICT equipment is logged on an audit document by the Site Manager
- Acquisitions are entered into the Asset Register as they are received
- Entries are updated when changes are made

Security of Assets

Stores and equipment are secured by means of physical and other security devices. All the items on the Asset Register and Asset Inventory are permanently and visibly marked as RDUTC's property. and items must be securely stored when not in use. Only authorised staff may access the stores.

Stolen items are reported immediately to the Principal and Finance Director so that appropriate action can be taken.

Inventories of RDUTC property are kept up to date and reviewed regularly. Where items are used by RDUTC but do not belong to it, this is noted.

Annual counts are carried out by someone other than the person maintaining the Asset Register and Asset Inventory. Discrepancies between the physical count and the amount recorded are investigated promptly and, where significant, reported to the Governing Body.

Disposals

Items, which are to be disposed of by sale or destruction, are authorised for disposal by the Principal and, where significant, are sold following competitive tender. RDUTC always seeks 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.

RDUTC reinvests the proceeds from all asset sales for which capital grant was paid in other assets for RDUTC. If the sale proceeds are not re-invested, RDUTC repays a proportion of the sale proceeds to the DfE.

Loan of Assets

Items of RDUTC property cannot be removed from the RDUTC premises without the authority of the Principal. A record of the loan is recorded in a loan book and booked back into RDUTC when the item is returned.

Photocopier (Leased)

Staff always copy materials in the most economical and sustainable way, being cognisant of copyright restrictions that are posted close to copiers. Thought is given to the benefit gained by making a colour copy. All members of staff are allocated biometric fingerprint recognition to use the photocopiers. This enables staff use of the photocopiers to be regularly monitored.

10 Summary of Scheme of Delegation

The table below summarises the Scheme of Delegation approved by the Board of Governors.

	Academy Trust Board	Principal	Head of School	Academy Business Manager	Budget Holder
Authorisation of Purchase Orders - Non Purchase Order/ Awarding Contracts					
Up to £3,000 (1 of) Preferred Supplier		x		x	x
Up to £7,500 (1 of) Preferred Supplier		x		x	
Up to £60,000 (1 of) 3 Quotes		x	x		
Over £60,000	x				
Approving Bank Payments (Individual Payment Value not full BACS File)					
Upto £60,000			x		
Over £60,000		x	x		
Student Bursary (1 of)		x	x	x	
Approving Invoices to Collect Income					
Any Amount (1 of)			x	x	
Budget Virements to Approved Budget					
Upto 20,000			x	x	
Upto £60,000		x	x		
Over £60,000	x				

	Academy Trust Board	Principal	Head of School	Academy Business Manager	Budget Holder
Disposal of Assets					
Upto £5,000 (1 of)		x	x	x	
Over £5,000	x				
Write off of Bad Debts					
Upto £10,000		x			
Over £10,000	x				
Petty Cash / Staff Expenses					
Float of upto £190 Retained				x	
Staff Expenses (1 of)		x	x	x	
Staff Appointments & Payroll					
Appointment of Principal, Vice Principal, Academy Business Manager	x				
Appointment of all other Staff		x			
Approval of Pay Scales	x				
Variations to Contract		x	x		
Authorisation of Pay Run (1 of)			x	x	
Payroll Journal & Rec				x	
Budget Approval & Monitoring					
Budget Approval	x				
Propose Budget for Approval		x			
Departmental Budget Proposal& Monitor		x	x	x	x

From time to time The Board of Governors may make temporary changes to the above schedule, for example to cover the temporary absence or secondment. Such changes will be approved at a meeting of the Board of Governors and minuted.

11.0 Monthly Checklist

Ron Dearing UTC - Finance Team Monthly Checklist

Month ended:

Activities To Be Completed

PURCHASE ORDERS School reviews outstanding orders

PURCHASE ORDERS School reviews unauthorised orders

PURCHASE LEDGER Ensure all BACS and cheques posted

PURCHASE LEDGER Review outstanding invoices

CAPITAL EXPENDITURE Capital expenditure claims made to EFA

CAPITAL EXPENDITURE EFA VAT invoices recorded

INCOME Payments received from the EFA are recorded

SALES LEDGER Ensure Invoices raised are recorded

SALES LEDGER Chase Outstanding Invoices (Debt Recovery Policy)

PAYROLL Submit return to Pay Roll Provider

PAYROLL Principal to review pay reports

PAYROLL Enter Payroll Journals, accruing where required

PAYROLL Reconcile Payroll Control A/C

CREDIT CARD Reconcile invoices to statement and post journals

BANK Post all DD & SO's

BANK Post bank interest / charges

BANK Reconcile Bank Accounts

GENERAL LEDGER Undertake other remaining Monthly Journals

GENERAL LEDGER Reconcile all remaining Control Accounts

MONTH END Enter any monthly accruals

MONTH END Run monthly budget reports

MONTH END Pass reports to budget holders

MONTH END Prevent users posting to month

VAT Download VAT report

VAT Prepare VAT Return & Submit to HMRC

REPORTS Summary Trial Balance - Retained by Finance Team

REPORTS Aged Creditor Report - Reviewed and annotated

REPORTS Aged Debtor Report - Reviewed and annotated

REPORTS Unreconciled Bank A/c Listing - Retained by Finance

[illegible]

Activities To Be Completed

Responsibility	Completed (Add Initials)	Date
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REPORTS Produce Management Accounts on accrual basis

REPORTS Produce Variances Report and document explanations

REPORTS Cash flow Report

Monthly Management reports to be sent to Chair of Governors, all members of Finance & Audit Committee and the Principal each month.

Half Termly

REPORTS Produce Governors Half Termly report.

Accounts to 30 Oct, 31 Dec, 28th Feb, 31 March, 31 May & 31 August

To be sent to all Governors.

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I confirm I have completed all duties and responsibilities for period above:	Position	Date:
	Chief Finance Officer / Finance Director	
I confirm I have reviewed this document and am satisfied the duties have been undertaken:	Position	Date:
	Accounting Officer / Principal	

APPENDIX

12.0 TENDERING

Forms of Tender

12.1 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 when all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Manager or Principal how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact them directly if practical. This is the preferred method of tendering, as 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 when:

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

Negotiated Tendering – The terms of the contract may be negotiated with one or more chosen supplier. 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 or extra ordinary circumstances;
- Additional deliveries by the existing supplier are justified.

Preparation for Tender

12.2 Full consideration should be given to:

- Objective of the 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, additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

The European public contracts directive (2014/24/EU) applies to public authorities including, amongst others, government departments, local authorities and NHS Authorities and Trusts. The directives set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds.

European rules will apply on tenders of £210,000 (£181,302). If a tender approaching this value is being considered, further advice should be sought.

Invitation to Tender

12.3 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.

12.4 The UTC would normally use a restricted tender process. Firms are invited to tender for the service by the UTC (or outsourced provider in certain circumstances). At least four firms should be invited to tender by sending identical specifications at the same time – three written tenders should be obtained, unless this is impractical. If firms are not interested in providing a tender, verbal declines should be minuted, or written decline letters kept on file. If it is impractical to obtain three written tenders, then this should be minuted as such by the Finance & Audit Committee.

12.5 An invitation to tender should include the following:

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

The invitation should state a closing date and time by which completed tender documents should be received by the UTC. Tenders should be submitted in plain sealed envelopes clearly marked “TENDER”. Envelopes should be time and date stamped upon receipt, if received after the submission deadline.

Aspect to Consider

12.6 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.
- Check if there is scope for negotiation.

12.7 Technical/Suitability

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

12.8 Other considerations

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

Tender Acceptance Procedure

12.9 All tenders and supporting documentation will be made available to the Finance & Committee should they be required. In normal circumstances the Principal and one other member of the Finance & Audit Committee may act in its place.

For values up to £50,000 the Principal will normally make a recommendation to the Finance & Audit Committee. Above £50,000 the Full Governing Body should award the contract.

Tender Opening Procedures

12.10 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 the tenders as follows:

- Contracts up to £50,000 – the Principal and Finance Director
- Contract between 50,001- £100,000 – Finance & Audit Committee
- Contracts exceeding £100,001 – Full Board of Directors

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. All parties present at the tender opening must sign this record.

Tendering Procedures

12.11 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.

12.12 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.

12.13 Full records should be kept of all criteria used for evaluation, and for contract over £30,000 a report should be prepared for the Finance & Audit Committee highlighting the relevant issues and recommending a decision. For contracts under £30,000 the decision and criteria should be retained in college and be made available to the Finance & Audit Committee.

12.14 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.

12.17 The Finance & Audit Committee will deal with any major building projects as required. This committee will review the projects concerned and update the Full Governing Body. They will also act as the Tender Committee.

12.18 If a situation arises whereby it is not possible to obtain three written quotations, approval to waive these procedures can be made by the Principal. The reasons for this action and the agreement should be minuted for each case.

An example of the above situation is regarding computer or ICT equipment. The market is so volatile that prices can change daily, so consequently written quotes cannot always be obtained. However, as much evidence as possible is to be retained; e.g. process should be printed off internet screens, or three alternative price lists should be kept on file. If this is not possible, then the Finance Director is to make a written record as to why a particular supplier has been chosen for any large order; over £10,000