



Ark Boulton
Academy

“Growing together, reaching higher”

FINANCIAL REGULATIONS & SCHEME OF DELEGATION

September 2017

| | | | |
|----------------------|----------------|----------------|-------------|
| Date of last review: | September 2017 | Review period: | 1 Year |
| Date of next review: | September 2018 | Owner: | Mike Fowler |

POLICY INFORMATION

Named personnel with designated responsibility for

| Academic Year | Designated Senior Person | Deputy Designated Senior Person | Nominated Governor | Chair of Governors |
|---------------|--------------------------|---------------------------------|--------------------|--------------------|
| 2015/16 | Judith Hunt | Herminder Channa | | Julie Griffiths |

Policy Review Dates

| Review Date | Changes Made | By Whom |
|----------------|--|----------------|
| August 2015 | Policy created | Frances Scott |
| September 2016 | Policy updated to include STA FRD as temporary FRD | Judith Hunt |
| September 2017 | Policy reviewed | Michael Fowler |

Ratification by LGB

| Academic Year | Date of Ratification | Chair of Governors |
|----------------|----------------------|--------------------|
| September 2016 | | Julie Griffiths |

Dates of staff training for this academic year (if applicable)

| Academic Year 2016/17 | | |
|-----------------------|--------------|-------|
| Date | Course Title | Staff |
| | | |

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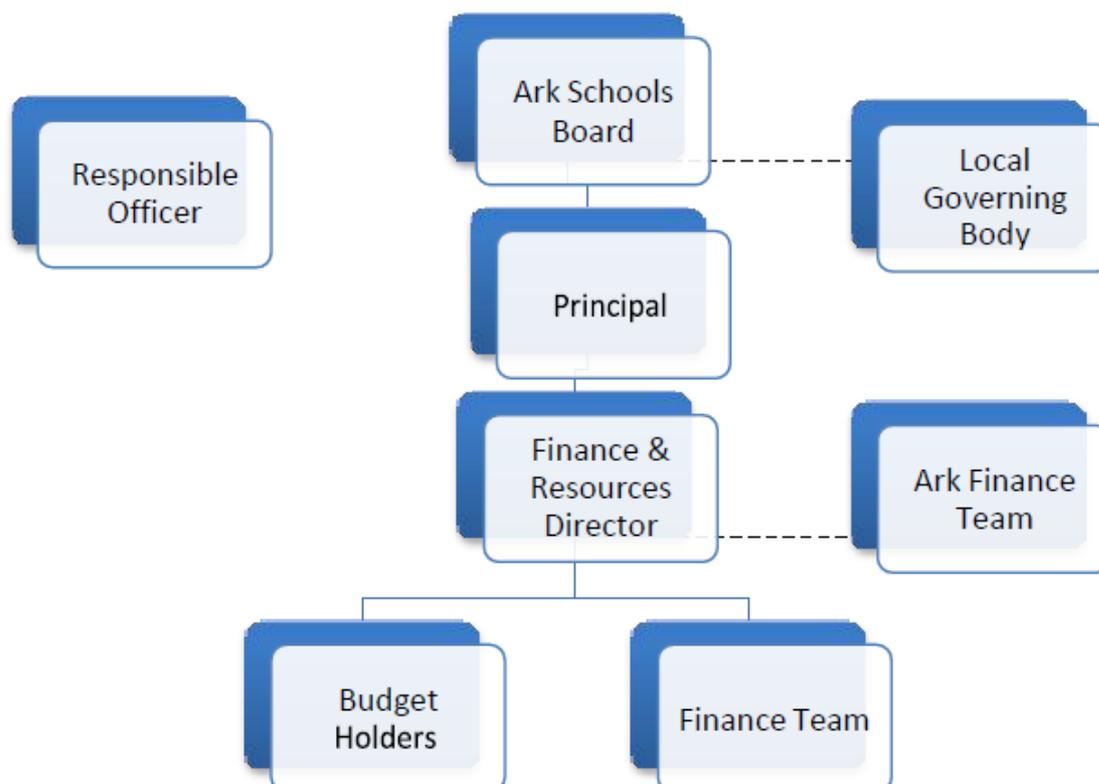
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1. INTRODUCTION

1. The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control that conform to the requirements both of propriety and of good financial management. The Academy must comply with the principles of financial control outlined in the academies guidance published by the Education Funding Agency (EFA).
2. This manual expands on the above, providing detailed information on the Academy's accounting procedures and systems. It is imperative that all staff involved with financial systems read and adhere to this document and other associated Academy policies.
3. It is essential that these systems operate properly to meet the requirements of our funding agreement with the EFA. It is mainly aimed at Finance Staff but is also relevant to all staff with budgets, income or expenditure responsibilities.
4. All queries should be referred to the Director of Finance.

2. ORGANISATION

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



The Ark Schools Board

2. The term Ark Schools actually applies to the entire network of academies, which are all part of one legal entity. It is therefore the responsibility of the Board of Directors of Ark Schools, which is the legal governing body of all Ark Academies, to set the overall financial framework, considering the regulations set down by the Department for Education (DfE) through its agency the Education Funding Agency (EFA). As well as being a legal requirement this also supports transparency, comparability and benchmarking between academies.

The Local Governing Body

3. The Local Governing Body (LGB) is the official term for the board of Academy governors. It must meet at least once a half term (six times per annum). No business can be conducted unless a quorum is present. A quorum is three governors, those with full voting rights.
4. The LGB's responsibilities cover the full range of the Academy's activities to provide advice and guidance; finance matters will be a standing agenda item.
5. Governors may not receive any form of payment for their work, other than payment of reasonable out of pocket travel, accommodation or other expenses incurred for attending in the capacity of governor.
6. No governor may hold an interest in property belonging to the Academy, nor may a governor receive remuneration in respect of any contract to which the Academy is a party.

The Responsible Officer

7. The Responsible Officer (RO) is appointed by ARK Schools to provide an independent oversight of the Academy's financial affairs. The role is effectively a form of internal financial audit. Baker Tilley have been appointed by Ark Schools to perform this function.

The duties of the RO are to review that:

- The financial responsibilities of the Ark School Board are being properly discharged.
- Resources are being managed in an economical and effective manner.
- Sound systems of internal financial control are being maintained.
- Financial considerations are fully taken into account in reaching decisions.

The Principal

8. The Principal has overall executive responsibility for the Academy's activities within the framework of the agreed annual and longer-term plans.
9. Much of the financial responsibility has been delegated by the Principal to the Finance Director but the Principal retains responsibility for:
 - Authorising the purchase of goods and services of between £10,000 to £50,000, and of cost items falling outside the budget control of the designated budget holders.
 - Signing cheques & BACS payment runs in conjunction with other authorised signatories.

The Finance Director

10. The Finance Director works in close collaboration with the Principal(s) through whom he or she is responsible to the governors.

The main responsibilities of the Finance Director are:

- Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register.
- Management of the Academy financial resources at a strategic and operational level within the framework of financial controls determined by Ark Schools.
- Maintenance of effective systems of internal control.
- Ensuring that the annual return for the Academy consolidated into the ARK Schools accounts is properly presented and adequately supported by the underlying books and records.
- Preparation of monthly management accounts and financial reports.
- Signing cheques/ approving BACS runs, in conjunction with the Principal &/or other authorised signatory.
- Ensuring that all financial and administrative returns are made to Ark Schools for onward submission to the DfE and other funders.
- Ensuring that the necessary information for other statutory returns requests (annual accounts, Charity Commission filings etc.) is provided promptly to ARK Schools.
- Authorising the purchases of goods and services of value up to £50,000, with Principals authorisation for items between £10,000 to £50,000, and of cost items falling outside the budget control of the designated budget holders.

The Finance Team

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

Designated Budget Holders

12. The Principal may delegate some budgets to designated budget holders who will then have the responsibility of budget control for costs for that delegated budget.
13. A designated budget holder should authorise any invoice relating to his/her respective delegated budget that does not exceed £5,000 in value.

Other Staff

14. All staff members are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficient use of resources and for compliance with Academy financial procedures.

Register of Interests

15. 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 Academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Academy may purchase goods or services. The register is open to public inspection.

16. The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation, which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where that person could exert influence over a governor or a member of staff.
17. 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.
18. Likewise all gifts and hospitality received by governors and staff should be declared and recorded. This minimises the risk of staff and governors being compromised by expectations of reciprocal benefits. The Principal &/or Finance Director should be consulted before any such gifts or hospitality are accepted.

3. ACCOUNTING SYSTEM

1. All Academy financial transactions must be recorded on the Academy accounting system.
2. ARK Schools sources and is responsible for installing the accounting system in each Academy. This ensures consistency of reporting across the network. The system currently in use is PS Financials. All the financial transactions must be recorded on the accounting system.
3. ARK Schools will set the coding structure used by the Academy, this is to ensure ease of consolidation and consistency of reporting. This will be done after taking into account the wishes of individual academies within the ARK Schools group as much as possible without jeopardising the overall desire for consistency. The same basic coding structure will be applied by all individual academies, but there will be scope for some agreed academy specific analysis codes.
4. It is the responsibility of the Academy Finance Team to ensure that all postings to the finance system are done on a timely and accurate basis, and to ensure that all required financial checks are carried out on a timely basis by appropriate personnel, such as reconciliations and payroll submissions.
5. It is the responsibility of the Finance Director, in agreement with the Principal, to identify individual budget holders and set limits for their authorisation.
6. It is the responsibility of the Finance Director to ensure that all undisputed invoices are paid within 30 days.
7. Accounting policies are set by ARK Schools. This is to ensure that the consolidated accounts can be prepared with the minimum of alteration. The main policies are:
 - A capitalisation threshold of £2,000
 - Depreciation rates of:
 - Furniture and fittings – 25% p.a.
 - Computer equipment – 50% p.a.
 - Motor vehicles – 25% p.a.

- The format of accounts complies with the most recent Charities SORP and Companies Act.

System Access

8. Entry to the Academy Accounting system must be password restricted and the passwords should be changed regularly.
9. Access to the component parts of the Accounting system must be restricted, the Finance Director is responsible for notifying Ark Schools Finance Team of desired access levels for all users.

Back-up Procedures

10. The Finance Director, in conjunction with the IT Department, should ensure that back up procedures for the system and any other financial records are in place to minimise the risk of data loss.
11. The Finance Director, in conjunction with IT, should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

12. All transactions input to the accounting system must be properly authorised in accordance with the procedures specified in this manual. The procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.
13. Journal entries must be supported by relevant documentation and can only be entered on the accounting system by the Finance Director or Finance Manager. The Finance Manager should enter cash transactions, or, if entered by the Finance Assistant, the input should be checked, and signed to evidence this check, by the Finance Manager.
14. Detailed information on the operation of the Accounting system can be found in the user manuals located in the Finance Office and/or in the system help menus.

Transaction Reports

15. The Finance Director will on a monthly basis obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:
 - Monthly trial balance.
 - Management accounts summarising expenditure and income against the budget.

Reconciliations

16. The Finance Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
 - Control accounts (purchase ledger, sales ledger and payroll control).
 - Bank balance per the nominal ledger to the bank statement.

17. Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Director. The Finance Director will review and sign all reconciliations as evidence of their review.
18. A review of aged debtors and creditor listings should be conducted to ensure long standing issues are revisited and addressed.

4. FINANCIAL PLANNING

1. The Academy prepares both medium term and short-term financial plans.
2. The medium term financial plan is prepared as part of the improvement planning process. The improvement plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
3. The Academy improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year. The deadline for budget preparation and authorisation is the 30th June before the start of the year, it must be submitted to Ark Schools for onward submission to the EFA.

Academy Improvement Plan

4. The improvement plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; this includes matching the Academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They provide the broad framework within which more detailed plans may be integrated.
5. The Principal will annually propose a planning cycle/timetable to the LGB covering:
 - A review of past activities, aims and objectives - "did we get it right?"
 - Definition or redefinition of aims and objectives - "are the aims still relevant?"
 - Development of the plan and associated budgets - "how do we go forward?"
 - Implementation, monitoring and review of the plan - "who needs to do what by when to make the plan work and keep it on course."
 - Feedback into the next planning cycle - "what worked successfully and how can we improve?"
6. The timetable will specify the deadlines for the completion of each of the key stages described above. The Principal will assign lead responsibility for the completion of each of the stages.
7. The completed improvement plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should include estimated resource costs, both capital and revenue, with associated objective and success criteria against which achievement can be measured.
8. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a member of the senior leadership team, who should monitor performance against the defined success criteria throughout the year and report to the Principal. The Principal will report to the local governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

9. The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal, in conjunction with Ark Schools.
10. The responsibility for setting the priorities for funding, budget setting and general financial planning lies with the Academy. ARK Schools however still has a fiduciary duty to satisfy itself that the budget has been well thought through. Therefore they reserve the right to challenge the assumptions behind the budget and will need to be convinced that the budget is affordable in the short term and sustainable into the long term. All significant risks that may impact on the financial viability of the academy will need to have been recorded and the financial impact considered and mitigated where possible. To that end a detailed commentary will need to be provided with any budget submission.
11. The approved budget must be submitted to Ark Schools by 30th June each year and the Finance Director is responsible for establishing a timetable, which allows sufficient time for the approval process and timely submission.
12. The annual budget will reflect the best estimate of the resources available to the Academy 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. While the Finance Director is primarily responsible for the completion of the annual budget, he or she should work with relevant individuals to ensure that the budget is consistent and reconcilable with the Academy Improvement Plan.
13. The budgetary planning process will incorporate the following elements:
 - Forecasts of the likely number of pupils to estimate the amount of EFA grant receivable.
 - Review of other income sources to assess likely level of receipts.
 - Review of past performance against budgets to promote an understanding of the Academy cost base.
 - Identification of potential efficiency savings.
 - 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

14. It is incumbent on Ark Schools to only approve annual budgets that do not show an underlying deficit position, i.e. a deficit is only acceptable when resulting from expected use of brought forward figures, such as Start Up funds.
15. 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

16. Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the Principal, and submitted for Ark Schools approval. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
17. 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.

Monitoring and Review

18. The Finance Director, detailing actual income and expenditure against budget, will prepare a monthly report both for budget holders and at a summary level for the Principal to review. The monthly reports should also be sent to the ARK Schools Finance Team.
19. Any potential overspend against the budget must in the first instance be discussed with the Finance Director. Where applicable, corrective measures may be taken to ensure that the authorised budget is not exceeded, it may be appropriate to transfer money from another budget or the contingency.
20. Appropriate reports must be sent to the Local LGB. The LGB should receive at least quarterly reports.
21. There are a number of deadlines set by the EFA for finance related returns. Responsibility for completion and submission of these forms lies with the Academy Finance Team. The forms should also be sent to the ARK Schools Finance Team.

5. STAFFING AND PAYROLL

1. The main elements of the payroll system are:
 - Staff appointments.
 - Payroll administration.
 - Payments.

Staff Appointments

2. Ark Schools Board will have approved a staffing structure for the Academy. Additions can only be made to this structure with the express approval of the Ark Schools Board, who must ensure that adequate budgetary provision exists for any establishment changes.
3. The Principal has authority to appoint staff within the authorised establishment except for Vice Principals and the Finance Director whose appointments must follow consultation with Ark Schools. The Academy maintains personnel files for all members of staff. All personnel changes must be notified, in writing, to the Finance Director.

Payroll Administration

4. All staff members are paid monthly, by the 22nd of each month.
5. The Academy payroll is administered by an outside supplier; currently Mazars.
6. A master record is held by Mazars for each employee recording:
 - Salary, including pay scale and spine point.
 - Pension details.
 - Part time hours, including term time only calculations.
 - Bank account details.
 - Taxation status.
 - Personal details.
 - Any deductions or allowances payable.
7. New master records can only be created by the Finance Director. Master file amendments will be reported by Mazars and must be authorised by the Finance Director &/or by the Principal.
8. The Finance Director will provide data to Mazars each month in accordance with the regular timetable.
9. The following is a summary of Mazars role:
 - Academies are not required to make detailed calculations, only to notify Mazars of payroll changes, i.e. starters, leavers, overtime and salary changes.
 - Mazars have responsibility for all calculations including pensions, SMP, SSP etc. so long as done on weekly basis.
 - Mazars will calculate all back pay (up to 3 months back without charge).
 - Mazars will produce all reports in PDF and Excel format.
 - Mazars will make all payments by BACs to third parties, i.e. pension providers, union subs, attachment of earnings orders etc. (third party reporting will remain the responsibility of the academy, although the reports from Mazars will provide all the details required for this). There will be two payment runs, one with the main pay and one for HMRC. All payments should be on one of these two dates to avoid additional charges.
 - Mazars will prepare and file P35s, P14s, P60s and provide sufficient information to allow completion of TR17A reports.

Payments

10. Before payments are made, a print of salary payments by individual and showing the amount payable in total will be provided by Mazars to be reviewed and authorised by the Finance Director and the Principal.
11. The Finance Director should carry out regular monthly reviews to ensure that there are no inconsistencies in the payments and that these are reasonable.
12. The payroll system calculates the deductions due from payroll for tax, National Insurance contributions, pension contributions and other reasons. Mazars will arrange payment of the monthly PAYE/NI, Teachers Pension Scheme and Local Government Pension Scheme contributions if requested. Other deductions should be paid to the recipient by the Academy in accordance with normal payment procedures.
13. Mazars provide a monthly payroll journal to be authorised by the Finance Director and posted to the nominal ledger. The Finance Director should review the payroll control accounts each month after posting to ensure that there are no unallocated balances.

14. Once a year, the Finance Director must check that employee gross pay on the payroll master file matches the contract of employment on the employee personnel file.
15. The overall pay structure has been created by ARK Schools and all appointments should be made in line with that structure. Annual increases within this structure are determined centrally by reference to national agreements.

6. EXPENDITURE AND PROCUREMENT

1. The Academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:
 - **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy.
 - **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs.
 - **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

2. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure (including commitments) against budget will be supplied to each budget holder by the Finance Manager two weeks after the end of each month.
3. 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 Academy approved supplier list the reasons for this decision must be discussed and agreed with the Finance Director.
4. All order requisitions must be made, or confirmed, in writing using an official requisition order form, stocks of which are held in the Finance Office or on the staff shared drive. The budget holder must pass completed requisition forms to the Finance Manager who will check to ensure that adequate budgetary provision exists.
5. On receipt of the Order Requisition Form, the Finance Assistant/Manager will determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified, the Finance Assistant/Manager will raise an official sequentially numbered Purchase Order and will then place the order with the supplier specified on the requisition.
6. On receipt of goods the budget holder must undertake a detailed check of the goods received against the delivery note and make a record of any discrepancies between the goods delivered and the delivery note. Discrepancies should be discussed with the supplier of the goods without delay. If the GRN correctly records the goods received and there are no discrepancies it should be signed and immediately passed to the Finance Team.

7. 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.
8. All invoices should be sent to the Finance Office. Invoices should be matched to the relevant purchase order and signed GRN. Where the invoice matches both the PO and GRN it can be passed for payment.
9. If the invoice does not match the purchase order in either value or quantity then it must be passed to the relevant budget holder for authorisation for payment. Invoices must also be passed to the relevant budget holder for authorisation if there is no related PO or GRN.
10. The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the cheques/BACS payment required. The cheques/ BACS listing and associated paperwork must be authorised by two of the nominated cheque signatories in accordance with the bank mandate.
11. Invoices are to be authorised according the following principles:
 - By the appropriate budget holder providing the invoice is within budget and no greater than £5,000 in value.
 - By the Finance & Operations Director where expenditure is between £5,001 and £10,000 in value, or the expenditure is against a non-delegated budget line, or expenditure exceeds a particular budget by no more than 10% of the budget.
 - By the Principal for expenditure between £10,001 and £50,000, or where the expenditure exceeds budget by more than 10%.
 - Any spending in excess of £50,000 to be authorised by the Ark Schools Finance.
12. All invoices should be recorded on receipt in PS Financials by the Finance Team who will check that the invoice is arithmetically correct and match to PO, and GRN if available. Appropriate authorisation for payment should then be requested by the Finance Team if required. Only once an invoice has the necessary authorisation for payment, should it be passed for payment by filing in the Invoices Awaiting Payment file.

Orders up to £1,000

13. Orders up to £1,000 will not generally require 3 written quotations, unless considered appropriate by the Finance Director.

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

14. At least three written quotations should be obtained for all orders of individual goods/services with a value between £5,000 and £30,000 unless it can be shown that there is only one supplier for the goods or service being ordered. The Finance Director should sign the requisition to indicate that this has been authorised.
15. Written confirmation of oral quotes must be obtained before a purchase commitment is made. Confirmations by email are acceptable. Quotation details should be retained with the requisition and order documentation for audit purposes. The Finance Director may require a tender process to be followed instead of three written quotations where the goods or services being purchased are more complex but less than £50,000 in value e.g. small building projects.
16. Orders in excess of £1,000 for multiple items should be reviewed by the Finance Director, who will decide if three written quotations are required. This would not normally be the case for orders for standard curriculum materials or books. The

Finance Director should sign the requisition to indicate that the order may proceed without quotations.

Orders over £50,000

17. 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.
18. Purchases over £100,000 in value may fall under EU procurement rules, which require advertising in the Official Journal of the European Union (OJEU).
19. ARK Schools may also notify the academy of suppliers from whom purchases will fall under the EU rules.

Forms of Tenders

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

Open Tender:

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for supplier's 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. However, if the EU threshold is likely to be breached, the tender must be carried out via OJEU.

Restricted Tender:

This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- There is a need to maintain a balance between the contract value and administrative costs.
- A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy'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. Note, EU regulations override necessity if value breaches thresholds.
- Additional deliveries by the existing supplier are justified.

Preparation for Tender

21. Full consideration should be given to:
 - Objective of project.
 - Overall requirements.
 - Technical skills required.
 - After sales service requirements.

- Form of contract.
22. 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

23. 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.
24. An invitation to tender should include the following:
- Introduction/background to the project.
 - Scope and objectives of the project.
 - Technical requirements.
 - Implementation of the project.
 - Terms and conditions of tender.
 - Form of response.

Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

- 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

25. The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. 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 unless there are exceptional circumstances.

Tender Opening Procedures

26. All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, normally the Finance Director and Principal.
27. A record should be established to record the names of the firms submitting tenders and the amount tendered. Both people present at the tender opening must sign this record.

Tendering Procedures

28. 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.
29. 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.
30. Full records should be kept of each tender evaluation and a report should be prepared for the LGB highlighting the relevant issues and recommending a decision.
31. Where required by the conditions attached to a specific grant, the grantor's approval must be obtained before acceptance of a tender.

7. INCOME

1. The main sources of income for the Academy are:
 - Grants from the DfE/LA for general and specific purposes.
 - Grants from ARK Schools for specific purposes and programmes.
 - Grants from other organisations for specific purposes and programmes.
 - Other Income such as Meals income, Off-site trip income, Lettings income, Bank interest.

EFA Income

2. The main recurrent grants from the EFA are paid monthly to ARK Schools. These are then paid over to the Academy less the amount withheld as the agreed contribution by the Academy to ARK central costs.
3. Notification of the level of grant is usually received around March in the year before the financial year in question. Some grants, such as Pupil Premium funds are granted on a financial year basis of April to March and are therefore not fully notified until later in the year. Estimates may therefore be required to meet budgeting deadlines.

ARK Grants

4. ARK does however grant funds each year for specific educational programmes. The Academy will be notified of any grant award, including any restrictions on how it may be spent, before the start of the year in question.

Off-Site Trips

5. The General Administration Office 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 weekly basis and the lead teacher is responsible for chasing the outstanding amounts. The income must be passed to the Finance Manager for entering on the accounts system and paying into the bank.

Lettings

6. The Academy may from time to time let premises to other organisations, subject to such lettings not clashing with the timetabling of the Academy. Any letting of the Academy's premises may be either commercially or community motivated.

Custody

7. Signed Academy receipts should be issued for all cash and cheques received where no other documentation exists. Cash and cheques must be kept in the Finance Office safe until banked.
8. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

Bank Interest

9. The Academy will receive bank interest on all amounts held in its interest bearing current account.

8. CASH MANAGEMENT

Bank Accounts

1. ARK Schools has automatically opened one bank account for the Academy, which is a business current account with Lloyds TSB Bank plc. It is not anticipated that further accounts will be required. The opening of any further accounts must be authorised by the Ark Schools. 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.
2. The bank mandate for the Academy is held by ARK Schools who act as administrators for banking arrangements.

Deposits

3. 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.
 - A reference, such as the number of the receipt or the name of the debtor.

Cash Deposits

4. Cash deposits include money put into the cash loaders, charity fundraising, breakfast club receipts and, by exception, small amounts collected from students for replacement water bottles or planners.
5. Money from cash loaders will be counted immediately and checked against the Coin Usage report from the cashless catering software. Any coins or notes in excess of the report will be recorded and where possible matched against reported problems with loading cash.
6. Charity fundraising will be regularly passed to the Finance Team for counting and recording during the fundraising period.
7. Any other cash receipts will be recorded by the Finance Manager who will also apply the appropriate VAT treatment in accounting for these receipts.
8. All cash received will be counted and then kept in the safe in a locked cash box in the Finance Office until it is banked.

Payments and withdrawals

9. All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:
 - Principal.
 - Finance Director.
 - Vice Principal/s.
 - Authorised ARK representatives.
10. This provision applies to all accounts, public or private, operated by or on behalf of the LGB of the Academy. Cheques/Bacs payments for more than £10,000 must be signed by the Finance Director and/or the Principal.
11. As far as possible all invoices will be paid by BACS and the relevant bank details should be requested from all new suppliers.
12. After payment the Finance Team will then stamp the invoice paid and email a remittance advice to the supplier if email details have been provided. The paid invoice will then be filed in the paid invoices files.

Bank Statement Reconciliations

13. 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's cash book.
 - Reconciliations are prepared by the Finance Manager.
 - Reconciliations are subject to an independent monthly review carried out by the Finance Director.
 - Adjustments arising are dealt with promptly.

Cash Flow Forecasts

14. The Finance Director is responsible for preparing a rolling 12-month cash flow forecast to ensure that the Academy has sufficient funds available to cover its

obligations. If significant surplus balances are forecast, steps should be taken to invest the surplus. Similarly appropriate plans should be made in the event of a forecast shortage.

Treasury Management

15. As set out above, it is anticipated that all surplus funds will be retained in the current account or invested in Lloyds TSB Bank plc term deposits. It is not anticipated that any other form of investment will be made because the Academy is risk averse.

Petty Cash Accounts

16. The Academy maintains a maximum cash balance of £500. The cash is administered by the Finance Assistant and is kept in the Academy safe and is to be used for very small value or exceptional items only.
17. 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.
18. In the interests of security, petty cash payments will be limited to £20 and for exceptional items only. Staff expenses will be paid as expenses via BACS and not as petty cash claims; petty cash will only be used as a last resort.
19. Members of staff should seek authority in advance from the Finance Director if they wish to purchase any items to be reimbursed from petty cash, otherwise they will not be reimbursed. The Finance Director may approve a small advance to be made from cash for low value items such as postage, cooking ingredients for curriculum/enrichment/after school clubs. The Finance Assistant and the recipient will record the advance. A VAT invoice/receipt must be presented in person to the Finance Assistant for reimbursements from petty cash, before reimbursement is made. The Finance Assistant will then reimburse the expenditure out of the cash tin and ask the recipient to sign a receipt.
20. 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) should be undertaken by the Finance Manager to ensure that the cash balance reconciles to supporting documentation.
21. Petty cash should be held in a locking cash box, which is put in the Academy Finance safe overnight.

Credit and Debit Cards

22. To aid purchases where the best deals do not allow for purchase on invoices (i.e. internet purchases) the academy has been provided with a charge card in the name of the Principal.
23. The charge card is primarily used for payments in excess of £20 but which cannot be made by cheque or BACS such as the cost of fuel for the minibus, business travel train tickets and emergency purchases from online shops. The Principal will authorise the charge card to be used by the Premises Manager or the Principal's PA, if the Finance Director is unable to make the purchase. A VAT receipt will be obtained for all purchases using the charge card. The card and the receipt will be returned to the

Finance Director as soon as possible after the card has been used. The charge card will be kept in a secure location.

24. A full reconciliation will be carried out on receipt of the monthly statement. The same level of proof of purchase is required as with other payments, so receipts and print outs of online purchases will be kept and attached to the statement.

Expenses

25. Expenses will only be paid if they are wholly and necessarily for the benefit of the Academy, rather than the individual. Entertainment related expenditure will therefore be approved before being incurred and will be minimised.
26. Expense claims will be submitted to the Finance Director on the appropriate form together with supporting VAT receipts or other acceptable documentation e.g. Oyster travel statement. The expense claim form will be signed by the individual making the claim and authorised by his/her line manager. Expenses for which supporting documentation is not provided will not be reimbursed.
27. Reimbursements of expenses incurred will be made by BACs.
28. Expenses claims for anything other than travel and subsistence should be discussed with the Finance Director before the expense is incurred as such expenditure should follow the normal purchasing procedures.

Expenses – Travel and Subsistence

29. There will be occasions when staff will need to travel on Academy business. All reasonable expenses incurred whilst on such business will be reimbursed. It is the responsibility of the traveller however to ensure that such costs are warranted, and minimised.
30. For travel around London, taxi fares will be reimbursed. It is however expected that where cheaper public transport options are readily available, such as the underground, then these options will be used if possible. For national and international travel, standard class public transport should be used.
31. Private cars may be used if this is more convenient/cost effective, and will be reimbursed at the appropriate rate as set by the Inland Revenue (currently 45p per mile). The congestion charge may also be reimbursed, if relevant.
32. Where overnight accommodation is required the appropriate expected standard is three star or equivalent. Whilst on Academy business reasonable living expenses will be reimbursed. This would include all meals plus incidentals such as reasonable telephone costs.

9. FIXED ASSETS

Tangible Fixed Assets Land and buildings

1. Freehold buildings are depreciated over their useful lives of between 15 and 73 years from the date of the revaluation. No depreciation is provided on buildings until they are brought into use. Freehold land is not depreciated.
2. A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the book value of the fixed asset may not be recoverable.

3. Buildings under construction are accounted for at cost, based on the value certified and other direct costs incurred to 31 August. They are not depreciated until they are brought into use.

Equipment

4. All assets purchased with an individual value over £2,000 must be entered in the fixed asset register.
5. The Asset Registers helps:
 - Ensure that staff take responsibility for the safe custody of assets.
 - Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse.
 - To manage the effective utilisation of assets and to plan for their replacement.
 - Help the external auditors to draw conclusions on the annual accounts and the Academy's financial system.
 - Support insurance claims in the event of fire, theft, vandalism or other disasters.
6. The Asset Register should include the following information:
 - Asset description.
 - Serial number.
 - Date of acquisition.
 - Asset cost.
 - Source of funding (% orig. cost if funded from EFA grant and % from other sources).
 - Expected useful economic life.
 - Depreciation.
 - Location.
 - Staff member of department responsible for the asset.
7. The academy also has a duty to ensure the security and recording of assets under the £2,000 threshold, which are also at risk of loss due to their portability and/or desirability (i.e. laptops or other small IT devices).

Depreciation

8. Depreciation shall be calculated on a monthly basis for inclusion in the management accounts. Depreciation rates, all straight line, to be normally used are as follows:
 - Motor vehicles 25% (4 years).
 - Furniture & Fittings 25% (4 years).
 - Computer Equipment 50% (2 years).

Security of assets

9. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
10. All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register.
11. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the local governing body.

12. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

Disposals

13. Items which are to be sold or thrown away; their disposal must be authorised by the Finance Director and, where significant, should be sold following competitive tender or auction. If the estimated value of the asset exceeds £10,000, the Finance Director should obtain Ark Central Head of Finance approval before proceeding. The Academy must seek the approval of the EFA, via Ark Schools, in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
14. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.
15. The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the EFA a proportion of the sale proceeds.
16. All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

17. Items of Academy property must not be removed from Academy premises without the authority of the Principal or Finance Director.
18. The Finance Manager will record any loan of equipment, other than laptop computers, tablets or mobile phones issued to staff on joining the academy.
19. 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 employee taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors. This does not include laptop computers issued to staff.

Premises

20. Damage to Academy premises will be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the Principal, the Operations Manager and the Premises Manager to ensure that the Academy site is maintained to a standard appropriate for an ARK Academy.
21. The Premises Manager should report damage to the Operations Manager who will take appropriate action.
22. Each property should have a regular condition survey linked to an asset management plan to ensure that buildings are maintained appropriately and irregular expenditure is budgeted for accordingly.

10. CONTRACTS

1. Any non-routine tenders or purchases, such as leases, are subject to a contract between the Academy and the supplier, which will to be signed *before* the contracted work begins or the delivery of goods is made.

2. The contract(s) should clearly set out (as applicable):
 - The scope of work with detailed and accurate specifications.
 - The timeline and completion date of the work(s).
 - Dates for completion of works.
 - Quality controls on work(s).
 - The agreed fees/charges and payment date(s).
 - Specification of the goods to be delivered (as applicable).
3. Copies of all contract documentation must be filed in a Contracts Register.
4. The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque, based on the entire contract commitment.

11. INSURANCE

1. Insurance provision for the Academy is arranged by ARK Schools, the expenditure is charged to the Academy.
2. Cover arranged currently includes:
 - Buildings.
 - Contents.
 - Capital works.
 - Loss of cash.
 - Public liability (on and off site).
 - Employer's liability.
 - Hirers' liability.
 - Governors' liability.
 - Professional indemnity.
 - Terrorism.
 - Business interruption.
 - Libel and slander.
 - Vehicle.

12. YEAR END PROCEDURES

1. Budget holders should be advised against rushing into commitments at year-end in order to use up their budgets. The overriding principle at all times should be obtaining value for money, and if that means a delay whilst the best deal is sought, pushing expenditure into the following year, then this should be followed, and should be accommodated. Ideally however expenditure should be planned during the year so that last minute rushes can be avoided in the first place, although it is acknowledged that circumstances often conspire to make this impossible.
2. The Finance Team will operate a purchase order system in order to be able to track commitments and apply expenditure to the year in which it relates. If the Academy is committed to expenditure before August 31st then this will be recognised in the previous year of accounts, and if not committed until 1st September or later then it will be recognised in the following year.
3. The following year end guidelines will be communicated to budget holders:
 - Deadline for placing orders in the summer term.
 - A reminder that if invoices do come directly to the budget holder these should be passed to the Finance Office promptly at this time.

4. Due to the fact that the ARK Schools is one legal entity, the Academy is not required to produce full annual reports and accounts. Instead the Academy results are consolidated into the accounts for ARK Academies as a whole. A full year-end exercise to check income and expenditure postings, prepayments, accruals and provision of balance sheet figures is required.
5. ARK Schools will prepare the statutory accounts. However it is vital that individual academy finance teams provide sufficient information to allow the consolidation to occur seamlessly. A number of schedules are therefore required:
 - Aged debtors listing.
 - Aged creditors listing.
 - Fixed Asset Register, also detailing all additions and disposals.
 - Staff numbers in year, FTE by type (teachers, admin and support, projects and management).
 - Prepayments schedule.
 - Accruals schedule.
 - Accrued and deferred income schedules.
 - Year-end bank and petty cash reconciliations.
 - Other income breakdown.
 - Listing of numbers of staff being paid over £60k, in bands of £10k.
 - LGPS statements.
 - Lease commitments (expiring under 1 year, 1-5 years, over 5 years).
 - Related party transactions listing.
 - Capital commitments listing.

The Academy Finance Team will be required to aid external auditors as they will visit each academy as part of their audit of the ARK Schools accounts. ARK Schools will appoint these auditors. ARK Schools will file the audited and signed accounts with the relevant agency of the DfE, Companies House and the Charities Commission.

13. EXTERNAL LIAISON

1. Since the ARK Schools network covers a large number of individual Local Authorities it will be the responsibility of the Academy to assist on matters relating to the Birmingham Local Authority. Where there are areas of wider concern ARK Schools can lead on these, but these will be agreed with the Academy in advance.
2. ARK Schools leads on all discussions with the DfE and other central government bodies as appropriate.
3. Where areas of expenditure or actions are required to be passed to the Secretary of State for the DfE for his/her formal approval or notification then this will be done by ARK Schools. The Finance Director must notify ARK Schools of such expenditure or actions before commitments are made so that statutory obligations can be met. The areas that this would cover will include:
 - Any guarantees, indemnities and letters of comfort entered into.
 - Write off of debts or liabilities owed to the academy over £1,000. Write-offs exceeding £500 must be signed off by Ark Central Head of Finance.
 - Any ex-gratia payments.
 - Any freehold sales or purchases.
 - The grant or take up of any leasehold or tenancy agreement for more than 3 years.
 - Capital disposals with an original cost of over £20k financed from DfE sources.

- Any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

Summary of Financial Authorisation Limits

| Delegated Duty | Value | Senior Authority | Method |
|--|--|--|---|
| Ordering Goods & Services (raising requisitions). | Up to £1,000 | Budget Holder. | Preferred supplier list unless agreed with the Finance & Resources Director. |
| | £1,001 to £5,000 | Budget Holder plus Finance & Resources Director. | As above, if not preferred supplier ideally 2 quotes. |
| | £5,001 to £10,000 | Finance & Resources Director | Minimum of 3 Quotes. |
| | £10,001 to £30,000 | Principal Plus Finance & Operations Director | Minimum of 3 Quotes |
| | £30,001 to £100,000 | Local Governing Body. | Formal Tender Process |
| | Over £100,000 | Ark Schools | Formal Tender Process including advertising in OJEU (where exceeds OJEU threshold). |
| | Authority to accept other than lowest quotation or tender. | Local Governing Body | |
| Delegated Duty | Value | Authority | |
| Authorised signatories for cheques, BACS payment authorisation & other bank transfers. | All values. In accordance with the Bank Mandate. | Two signatories from: <ul style="list-style-type: none"> • Finance & Resources Director • Principal • Vice Principal/s | |
| Authorised signatories for EFA Grant Claims or EFA Returns. | All values. | Two signatories (or as required by the EFA) from: <ul style="list-style-type: none"> • Finance & Resources Director • Principal • Vice Principal/s • Central Ark Finance | |

End.