



Beacon Academy Trust

A COMPELLING VISION FOR SUCCESS

Finance Policy

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Finance Policy

1. Purpose and scope

The purpose of this policy and associated procedures is to ensure that the Beacon Multi Academy Trust (BMAT) "The Trust" maintains systems of financial control which conform to the requirements of propriety and of good financial management.

Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities.

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the Education Funding Agency (EFA) and the requirements of the Master Funding Agreement (FA) between the Secretary of State of the Department of Education (DfE) and BMAT. (01.02.2014).

The Trust must ensure economy, efficiency and effectiveness in the use of its funds.

This policy includes other specific financial policies which ensure delivery of these principles; anti-fraud policy, declaring business interest, charging and remission, best value, use of credit card, disposal and write off, procurement, virement and whistleblowing.

This policy applies to all BMAT Academies, and adherence to its principles and procedures is mandatory for all Trustees, Governors and staff.

2. Organisation

The Trust has defined the responsibilities of each function and person involved in the financial administration of the Trust to provide a framework of accountability in accordance with the scheme of delegation.

2.1 The Board of Trustees

The Board of Trustees has wide responsibilities defined under statute, regulations and the FA. These are set out in the role of the Trust and its governance arrangements. These include:

- Agreeing the long term financial objectives of the Trust;
- Ensuring that Grants from the DfE are used only for the purposes intended;
- Delegating each Academies budget to the Local Governing Body (LGB);
- Delegating day-to-day financial management of the trust to the ACCOUNTING OFFICER;
- Approval of the annual budgets and any material changes;
- Receiving reports on the expenditure against budget;
- Making decisions on actual financial requests from LGBs and committees;

- Appointment of auditors;
- Appointment of internal auditors;
- Reviewing the reports of auditors;
- Authorising contracts according to approved limits;
- Approval of the annual accounts;
- Appointment of the Accounting Officer, Managing Director and Headteachers/ Principals.
- Agreeing the membership of the Local Governing Bodies, Operations and Audit committee annually including the chairperson;
- Reviewed annually the Finance Policy and Scheme of Delegation;
- Reviewing annually the terms of reference of Operations and Audit Committee;
- Approval of any companies, subsidiaries or joint ventures.

2.2 The Local Governing Bodies

Overall management of each Academies budget is delegated to the Local governing Body (LGB). The LGB is supported in this function by the Joint operations committee within the scheme of delegation. Particular responsibilities remain with the LGB;

- Recommendations to the Trust to approve the annual budget plan;
- Ensuring the register of pecuniary interest is kept up-to-date;
- Making decisions on expenditure and virements within approved limits;
- Receiving and commenting on the audit reports;

VIREMENT POLICY

- 1 The Headteacher/Principal is permitted to vire a sum of up to £10,000 from a budget without the previous consent of the Local Governing Body or Finance Committee.
- 2 Where these virement powers are exercised, the details of the budgets affected will be recorded in writing and authorised by the Headteacher/Principal and reported to the next meeting of the Local Governing Body/Finance Committee.
- 3 The Virement Policy responsibility cannot be delegated.

Explanatory Notes:

- Virement is the transfer of a budget or part of a budget to another budget.
- Virements are cumulative, e.g. two virements of £10,000 cannot be made from the same budget. The £10,000 limit applies to the budget being vired from and not the budget being vired to.
- If a new budget is approved by the Local Governing Body/Operations Committee during the financial year, fresh virements can be made from budgets.
- Virement powers should be reconsidered every three years, or when there is a change of Headteacher/Principal.
- If a budget is overspent virement powers should be used to correct the overspend or a revised budget approved.

2.3 Operations Committee

The Operations Committee will meet at least termly. Additional meetings will be held as and when required. The responsibilities include:

- Recommendation to the LGB to approve the annual budget plan;
- Keeping under review the actual financial performance compared with the annual budget plan and the remedial actions taken;
- Reviewing the insurance schemes;

2.4 Audit Committee

The Audit Committee will meet at least twice annually.

It is appointed by the Trust and provides Trustees with an independent oversight of the Trust's financial affairs.

The Audit Committee will undertake a quarterly programme of reviews (Internal Audit) to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust. A report of the findings from each visit will be presented to the Operations Committee and the Trustees. Detailed guidance on the transactions to be checked is outlined in the Academies Financial Handbook.

2.5 Internal Audit

The Internal Auditors are appointed by the Board of Trustees (through the Audit Committee). The main responsibilities of the Internal Auditors are to provide the Trustees with independent assurance that;

- The financial responsibilities of the Board are being properly discharged;
- Resources are being managed in efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account when reaching decisions;
- Providing a report of the findings to the Audit Committee.

2.6 The Accounting Officer

The Accounting Officer has responsibility for the propriety and regularity of the public finances for which they are answerable. The responsibilities are outlined in the Academies Financial Handbook and include:

- The initial review and authorisation of the budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring annual accounts are produced in accordance with the requirements of the Companies Act 1985;
- Ensuring that the regular reports to the Board are full and accurate;
- Authorising orders, payments and awards of contracts within approval limits;
- Authorising changes to the Academies' personnel establishment.

2.7 The Academy Headteacher/Principals

The Accounting Officer has overall executive responsibility for the Academies' financial activities. Much of the financial responsibility has been delegated to the Managing Director. The Headteacher/Principal has responsibility for;

- Approving new staff appointments within the authorised establishment, except for any senior posts which must be approved by the Trustees;

- Agreeing the delegated budget and authorisation responsibility within the Academy;
- Monitoring the regular budget reports and acting on overspends or risk.

2.8 The Managing Director

The Managing Director works in close collaboration with the Accounting Officer and is responsible to the Trustees. The main responsibilities of the Managing Director are:

- The management of the Academy financial position at a strategic and operational level
- The maintenance of effective systems of financial control;
- Submitting grant applications, reports and returns to the DfE, EFA, the Teacher's Pension Agency and HMRC;
- Ensuring that annual accounts are properly presented and adequately supported
- Overseeing the preparation of monthly management accounts;
- Virement decisions within agreed budgets, within Committees and Local Governing Body (LGB) delegated powers;
- Authorising orders, payments and the award of contracts within agreed limits.

2.9 The Senior Finance Managers

The Senior Finance Managers work in close collaboration with the Managing Director. The main responsibilities of the Senior Finance Managers are;

- The day to day management of financial issues;
- The preparation of monthly management accounts;
- Authorising requisitions and payments within agreed limits;
- Reconciliation of all bank accounts every two weeks;
- Preparation of the VAT return.

2.10 Academy Staff

- Members of the finance team and budget holders have specific financial responsibilities;
- All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conforming to the requirements of the Trust's financial procedures.

3. Conflict of Interest

- 3.1. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trustees, Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.
- 3.2. Any member of staff in receipt of gifts or hospitality over a value of £25.00 must declare this to the Finance Office for inclusion on the Gifts and Hospitality Register.

BMAT Policy on Declaring Business Interests

It is important that the Trust, Governors and staff not only act impartially, but are also seen to act impartially. The Trust, LGBs, Committees and Academy staff have a responsibility to avoid any conflict between their business and personal interests and affairs and those of the trust and schools. There is a legal duty on all Governors to declare an interest likely to lead to questions of bias when considering any item of business at a meeting and for the governor concerned to withdraw, if necessary, whilst the matter is considered.

REGISTER OF BUSINESS INTERESTS

Trust & LGBs

To help put this duty into practice, the Trust and Governing Body is required to establish and maintain a register indicating individuals' business/pecuniary interests. This should include, if appropriate, the company by whom they are employed, directorships, significant shareholdings or other appointments of influence within a business or other organisation which may have dealings with the Academy.

The register includes an entry for all of the Trust, Governors, Associate Members, the Accounting Officer, the Headteachers/Principals, and the Clerk to the Governing Body.

- Individuals should include their own interest and those of any member of their immediate family (including partners) or other individuals known to them who may exert influence.
- The register sheet must be signed and dated by the individual and countersigned by the Chair of the Trust/Accounting Officer/Chair of the LGB/Principal to indicate that he/she has noted any declarations.
- The Clerk to the Governing Body should ensure that the register is up to date and complete. Dated nil returns are also required.
- The forms must be renewed annually.
- The completed register will be kept up to date by the Trust Clerk, but retained in the BMAT finance office made available on request to the Trust, Audit Committee, LGBS, Headteacher/Principal, staff, parents, and auditors.
- The form completed by the Chair of the Trust should be countersigned by the Accounting Officer. The form completed by the Accounting Officer should be countersigned by the Chair of the Trust.

- The form completed by the Chairs of the LGBs should be countersigned by the Principal. The form completed by the Principal should be countersigned by the Chair of the LGB.

The register enables Trust to demonstrate that in spending public money they do not benefit personally from decisions that they make. The register contains, as a minimum, the elements shown on the attached sheet.

Other staff with financial responsibility

It is also a requirement for all individuals in a position to influence financial decisions within the Trust and schools, to complete a form declaring any business/pecuniary interests. These forms should be countersigned by the Accounting Officer and the Headteacher/Principal to indicate that he/she has noted any declarations. Where a staff member is also a Governor, Associate Member of the Governing Body or is Clerk to the Governing Body, their form should be countersigned by the Chair of the LGB who should bring any declared interests to the attention of the Headteacher/Principal.

Opportunity to declare interests at meetings

There is a standing agenda item at every meeting (including committee meetings) called “Declaration of Pecuniary Interest” to allow the Trust and Governors the opportunity to declare ANY interests relating to items on the agenda.

4. Income

4.1 Academies are funded on the same basis as maintained schools and receive annual funding allocations from the EFA;

- All schools and academies receive most of their funding based on the total number of students. Student numbers are derived annually from the October school census or the estimated school numbers, in the case of new academies, as stipulated in the funding agreement;
- Academies are funded through the Education Funding Authority (EFA). They receive the same amount of money as the Local Authority (LA) schools in the area. This is calculated using a LA formula. The LA agrees the funding formula factors and rates in consultation with the schools Forum. It incorporates student-led factors such as basic entitlement, deprivation, prior attainment, mobility rates and English as an additional language (EAL). These factors are combined with others based on the institution, such as a lump sum for premises costs. This is the core budget and is received as the general annual grant (GAG);
- The notional Special Educational Needs (SEN) budget for academies is also worked out the same way as for local schools and is received directly from The LA. The formula usually gives more money to schools that have more students on free school meals and those that are not doing so well with English and Mathematics. It is recommended that the notional SEN budget is used to pay for up to £6,000 worth of provision to meet students’ SEN. If it can be shown that a student with SEN needs more than £6,000 worth of special educational needs provision, the LA will consider providing top up funding to meet these needs.
- The EFA provides funding for Academies from September to August, in line with the academic year;

- Academies receive extra funding, to cover the cost of services previously provided by the LA. This is allocated through the education services grant (ESG);
- Capital and pupil premium allocations are paid outside the GAG but directly from the EFA. The pupil premium is additional funding given to publicly funded schools and academies in England to raise the attainment of disadvantaged students and close the gap between them and their peers;
- 16-19 funding is received separately, from the EFA. Funding is calculated using a funding formula which incorporates factors such as student numbers, student retention, higher cost subjects, disadvantaged students and area costs. Student number statements are sent out in January and reflect the current situation. These form the basis of the provisional allocation for the following year; lagged funding.

4.2 As part of the reconciliation procedures, the Senior Finance Officer will ensure that the monthly budget allocations to the Bank Account are made on time by the EFA, and all other relevant agencies.

4.3 The Managing Director is responsible for ensuring that all other allocations of money due to the Trust are made on time by the EFA and all other relevant agencies.

4.4 The Academies also receive additional income from;

4.4.1 **Students**; mainly to cover the cost of school meals and educational visits.

Educational opportunities provided at BMAT Academies during school hours are available to students regardless of ability to pay and that other activities are charged for in a fair and transparent way.

Students and parents make payment via the ParentPay system which makes payment collection secure, minimises cash held in the school and ensures income management is efficient.

Parents/carers are issued with a personal user number and password that provides access to the ParentPay system. There are three methods of payment;

- Online via the secure ParentPay website – <https://www.parentpay.com/> (minimum payment is £5.00)
- Using a smart phone;
- In cash at a local store where the PayPoint logo is displayed (minimum payment is £5.00)

Charging and Remission Policy

In accordance with the Education Reform Act of 1988 and sections 449-462 of the Education Act, 1996 no charges are to be made for any books, materials, equipment or apparatus used during school hours.

The charging policy is applied in line with section 457 of the Education Act 1996 which e.g. allows charges to be made for residential school trips and artefacts made in school and taken home.

Voluntary contributions

Where the Academy cannot levy charges and it is not possible to make these additional activities within the resources available to the Academy, the Academy may request or invite parents to make a contribution towards the cost of the trip or activity. Students will not be treated differently according to whether or not their parents have made any contribution in response to the request or invitation. Where there are not enough voluntary contributions to make the activity viable, then it will not take place.

No student will be disadvantaged as a result of family circumstances. A remissions policy will be applied. The charges may be remitted in part or full as reasonable in particular circumstances.

Remissions Policy

The statutory arrangements for the remission of charges cover parents/carers in receipt of Income Support, Family Credit, Jobseekers' Allowance (payable under the Jobseekers Act 1995) or Disability Working Allowance charges in respect of Board and lodging (section 2), materials (section 4), and activities outside school hours (section 6).

Those parents must receive full remission of Board and lodging charges where the activity takes place out of school hours or the activity is necessary for a prescribed public examination or the National Curriculum. In other circumstances the school can make a contribution, depending on the family circumstances, to the cost of the visit, at the Headteacher/Principal's discretion.

The Headteacher/Principal may remit in full or part charges in respect of a pupil, as is reasonable in the circumstances.

The Headteacher/Principal may decide not to levy charges in respect of a particular activity, if it is reasonable in the circumstances.

Contingency money

This may be included for emergency situations. Where, after the visit, there is a financial Surplus, money should be shared evenly between the contributors, unless written agreement has been received to the contrary.

Specific examples of how the charging policy will be applied.

Educational day visits:

- No charge will be levied in respect of day visits that take place during school hours or are part of the curriculum.

Residential visits:

- For those which are essential to the National Curriculum, statutory RE, preparation for prescribed examinations a charge will be levied for Board and lodging.
- For those which are not essential to the National Curriculum, statutory RE, preparation for prescribed examination a charge will be levied for the full cost if the amount of school time is less than half of the total time of the trip. If the amount of school time is half or more of the total time of the trip, a charge will be levied for Board and lodging.

Examination Entries:

- A charge will be levied in respect of examination entries for students where the Academy has not prepared the student for the examination;
- A charge will be levied in respect of examination entries for students where the Academy has prepared the student for the examination and it considers that for educational reasons the student should not be entered and the student's parent/carer wishes the student to be entered (or the student him/herself when over 18 years old). In these circumstances, if the student subsequently passes the examination, the Academy will refund the cost.
- A charge will be levied where a student fails without good reason to complete the requirements of any public examination where the Academy paid or agreed to pay the entry fee.
- A charge will be levied for student re-sitting an examination

Materials and Textbooks:

- Where a student or parent/carer wishes to retain items produced as a result of art, craft and design, or design and technology, a charge may be levied for the cost of the materials.;
- In the case of Food Technology, students usually provide their own ingredients, however if the student forgets, a charge can be levied if ingredients are provided;
- Textbooks are provided free of charge, however in some subjects, additional revision guides are made available, for which a charge is made.

Music Tuition:

- At present, Redbridge Music Service (RMS) levies charges in respect of individual music tuition, and group music up to and including 4 persons;
- The cost of peripatetic tuition is subsidised by the Academy;
- No charge is levied where music tuition is an essential part of the National Curriculum or a prescribed public examination syllabus followed by the pupil.
- Remission of RMS fees is available when parents receiving music tuition are in respect of Income Support, Family Credit or Jobseekers Allowance.

Out of School activities:

- No charge will be made for activities outside school hours that are part of the National Curriculum or religious education, or that form an essential part of the syllabus for an approved examination.
- If a student is prepared, outside school hours, for an examination that is not set out in regulations (the full list of which is available from the Academy), a charge will be levied for tuition and other costs.
- For all other activities outside school hours, a charge up to the cost of the activity will be levied.

Damage/Loss to property:

- A charge will be levied in respect of wilful damage, neglect or loss of Academy property (including premises, furniture, equipment, books or materials), the charge to be the cost of replacement or repair, or such lower cost as the Headteacher/Principal may decide.
- A charge will be levied in respect of wilful damage, neglect or loss of property (including premises, furniture, equipment, books or materials) belonging to a third party, where the cost has been recharged to the Academy. The charge to be the cost of replacement or repair, or such lower cost as the Headteacher/Principal may decide.

Expenses

- The school will expect parents to cover any costs involved in interviews at universities, work experience travelling expenses etc. A small fund will exist to assist families on low income levels. Application for such funding will be dealt with in the strictest confidence and any such application should be made direct to the Headteacher.

Sale of items

- Departments throughout the school may purchase items in bulk and sell at cost to pupils. Also, examination revision materials may be sold to pupils at cost

Other charges

- The Headteacher/Principal may levy charges for miscellaneous services up to the cost of providing such services e.g. copying a student's file.

4.4.2 The **Parent Teacher Student Partnership** raises extra funds for the Academy used to purchase special items.

4.4.3 To resource all the many and various extra opportunities that we offer the students, such as educational visits, sports day, visiting speakers and performers, clubs, rewards and prizes for achievement, parents are asked to support by donating £20 per family to our **school fund**.

4.4.4 The Academies will make their facilities available to outside users at a charge of at least the cost of providing the facilities. **Letting and hire of the Academies** is conducted in line with the BMAT Letting and Community Use Policy for each Academy which includes a scale of charges.

4.5 Cash and Cheque Management

Although cash and cheque collection is now kept to a minimum the following procedures apply when it is unavoidable:

- All income received should be recorded immediately and a receipt issued.
- All income shall be acknowledged by the collector to the payer, this will be by a system generated receipt. A receipt should always be issued for income in accordance with the scheme of delegation.
- When a receipt is issued a copy will be given to the payer and the duplicate copy kept at the Academy.
- All monies received must be banked intact as soon as is practicable.
- All cheques banked must be entered on the bank paying-in slip and recorded in PS Financials (see below);

- For normal day-to-day transactions, the Senior Finance Officer will be responsible for receiving income and banking of income.
- The Managing Director shall periodically check that all the monies due to the schools have been collected and banked.

Personal cheques will not be cashed from money received and due to the Trust.

The Senior Finance Officer will ensure that all VAT on income is treated in accordance to the VAT manual.

5. Financial Planning and Review

The Trust and each Academy will prepare both medium term and short term financial plans.

The plans will be prepared having regard to all known needs of the Trust, the School Improvement Plans and the Asset Management Plan.

The Managing Director is responsible for working with the Accounting Officer, and the Headteacher/Principal to draft these.

The Managing Director is responsible for establishing a schedule which allows sufficient time for the approval process (Operation committee, LGBs and Board of Trustees) to ensure that the submission date to the DfE for the resulting annual budgets is met.

The DfE Financial calendar details all the submission dates required.

The annual budgets will reflect the best estimate of resources available to the Trust and Academies for the forthcoming year and will detail how these resources will be utilised. A balanced budget must be set.

The budget must be communicated to all staff with responsibility for budget areas (budget holders) so that everyone is aware of the available resources.

The Accounting Officer is responsible for approval by the Board of Trustees.

Monthly reports will be prepared by the Senior Finance Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Accounting Officer, Headteachers, Principal, Governors and Trustees.

The monitoring process should be effective and timely in highlighting variances so that differences can be investigated and action taken.

6. Accounting Systems

6.1 Accounting system

All the financial transactions of the academy must be recorded on the PS Financials accounting system. The PS financials system is operated by the Finance Department.

6.2 PS Financial Administration

The PS Financial Software allows users to be set up with appropriate access levels. The PS Financial Administration system restricts the access to the Nominal and Accounts depending on the roles of the Web users. The Budget holders are given access to authorise requisitions entered against the accounts that they are responsible for. The access to the Budget Holder reports available for viewing on the web portal is controlled by the PS Financial Administration.

6.3 Transaction Processing

All transactions must be authorised in accordance with this policy.

6.4 Transaction Reports

The Managing Director will obtain and review system reports to ensure that transactions are posted to the accounting system correctly. The reports obtained and reviewed will include:

- Periodic audit trail reports.
- Amendment reports for the purchase ledger, sales ledger and nominal ledger
- Management accounts summarising expenditure and income against budget at budget holder level

6.5 Reconciliations

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

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- Petty cash control account
- Credit card accounts
- VAT control account

The cheque run is authorised by the Managing Director before the printing of the cheques. These are subsequently signed in accordance with the bank mandate.

A complete audit trail is maintained on the PS Financial accounting which is routinely reviewed by the Managing Director.

Best Value Statement

The Trust is committed to achieving Best Value for money from all purchases. A large proportion of purchases will be paid for from public funds and must comply with the principles of

- **Probity**; it must be demonstrable that there is no corruption or private gain involved in the contractual relationships;
- **Accountability**; public accountability for expenditure and the conduct of its affairs;
- **Fairness**; that all are dealt with fairly and equitably.

The principles of Best Value are applied to securing continuous improvement and will ensure:

- All services are of a high quality that provide good value for money, meet the needs of their users and contribute positively to the general ethos of the school;
- Resources are deployed to secure the continuous improvement in the means through which the Academies functions are exercised;
- All expenditure is relevant to the School Improvement Plan and is regularly reviewed;
- Due consideration has been given to Post OFSTED Inspection Plans (if applicable) in compiling the school budget;
- All premises/supplies and services' contracts agreed by the Academies are reviewed periodically and are the most effective, economic and efficient that are;
- The Trust aims to ensure that it is a well-managed organisation that supports and values the contribution made by its workforce.

Appropriate authorisation limits are reviewed annually and approved by the Trust.

7. Purchasing

7.1 Procurement

Procurement

All academies and maintained schools must carry out procurement as part of their daily activities. Procurement is the term used to describe the whole process of buying anything. This includes the first step of identifying what it is that you need, finding out what different suppliers can offer you, and then choosing, purchasing and using your goods or managing your services, right through to disposing of the used goods, or the end of the contract.

Academies and maintained schools, rely on public funding to carry out their work and meet their objectives. As such they have to understand and follow basic procurement rules whenever they spend that money. These rules aim to ensure that taxpayers' money is used in ways that are demonstrably open, fair, and good value.

Understanding and following these rules and guidance will provide protection from being criticised for wasting public money or using it inappropriately. It will give all suppliers an equal opportunity to seek business and make competitive offers, and ensure that spending choices and decisions are transparent and defensible.

Poor procurement skills impact on the academy's ability to meet its objectives – bad spending decisions mean that the total budget simply won't go as far as it can and should. But they can also result in legal challenges, cancellation of contracts, financial penalties and damages, and loss of reputation. Suppliers who compete unsuccessfully for business can be especially keen to challenge the legality of the procurement process.

Good procurement is simply a mix of common sense, planning upfront, and knowing and following the basic UK and EU legal requirements governing all public sector spending. From basic everyday purchases to the most complicated and costly one-off decisions - the key elements of good procurement are:

- Planning - taking the time up-front to get the information needed to make a good, informed decision
- Information – knowing and understanding the basics – such as the legal requirements that must be followed for any high-value spending
- Common sense - good judgment: for example, allocating more time to one-off high-value purchases, recognising when further help and advice is necessary, or having the confidence and experience to make the decisions. Procurement can range from the everyday, low-value purchases such as classroom supplies and cleaning products, right up to the highest-value, one-off purchases – a major refurbishment project, or letting a three-year contract for catering services. It will not be possible to subject every procurement process to the same level of scrutiny. The more public money being spent, the tighter the controls you need to apply.

Public procurement regulations cover three categories of spend:

- Goods – the term for actual products being purchased, such as stationery, equipment (e.g., IT, catering, furniture), vehicles
- Works – this refers to any building work, including new buildings, extensions, refurbishments or repairs.
- Services – the skills and expertise provided by individuals or companies. Examples include: IT installation and maintenance, catering services, grounds maintenance.

All public sector procurement - including schools and academies - must comply with the European Procurement Directive, which has been fully ratified into UK law. These Regulations are legally binding on anyone responsible for spending public funds, to safeguard the fair competition principles set out below.

UK procurement law protects five key principles:

- **equality** - all suppliers bidding for public sector contracts must be treated equally.
- **non-discrimination** - do not discriminate directly or indirectly against suppliers from another European Union state, or their workers.
- **transparency** – all procurement of a sufficiently high value must be advertised, to make it possible for suppliers from across the EU to find out about the work and, potentially, bid for it.
- **mutual recognition** - all European countries must recognise professional qualifications, technical standards and similar accreditation issued by other Member States;
- **proportionality** - the means should be proportional to the ends.

The principle of proportionality also applies to an academies procurement activities. To help decide what steps are appropriate for different values of spending, schools, academies (and other public bodies) need to set and use procurement thresholds – financial limits, with the required procurement protocols set out and agreed for each item of expenditure below or above each threshold.

Propriety

It is essential that propriety is ensured in all financial business. This is necessary to protect the integrity of those involved in spending public money, and minimise the opportunities for errors or impropriety.

One key aspect of this is to avoid any conflicts of interest: there must be no personal or professional relationships between those who have responsibility for spending the school's budget, and the suppliers and potential suppliers of goods and services.

There must be a clear separation of duties within the school's procurement and payment processes. The critical element is to ensure that the same person is not responsible for taking the decision to buy something and for authorising / making payments for that purchase.

Ideally a separate member of staff should be responsible for each of the four stages below:

- the authority to make spending decisions
- the authority to approve spending decisions
- certifying the invoice (checking to confirm the invoice details are accurate); and
- authorising payments

Data security

Be aware that data security and confidentiality are going to be key considerations when dealing with suppliers. In particular, where letting contracts with suppliers to provide services, it is likely that those suppliers will need access to personal data and those of the teachers and the students.

The Data Protection Act in Buying for schools: exemplar forms, templates and glossary should be included in all contracts where information is processed on individuals in any way either electronically or on paper.

The procurement cycle

Procurement is a cyclical process starting with the initial process where the needs are assessed and the budget available, and ending with receipt, use and eventual disposal of the goods and services paid for. Between those two points, the steps to take will vary, depending on the amount of money being spent and the relative importance of the procurement (i.e., how relevant this specific purchase is to the academies ability to function). Basically, the more money being spent, the more care must be taken to ensure that the procurement is open, fair, transparent and competitive.

The procurement process overall aims to optimise outcomes and manage risk and strike a balance between the requirement to spend public money in the most efficient, effective and appropriate way, and the need to balance these procurement duties with the wider responsibilities and remit to meet the academies overall objectives:

Low value procurement; most of the day-to-day, low value procurements does not require an elaborate competition process:

- investigate and get to know the market;
- 'shop around' to look for good-value deals;
- compare prices and options on at least three suppliers, by getting quotations (ideally in writing, by email or at least by telephone).

Medium and high-value procurements; the overall steps are broadly similar:

- Identify need - develop an initial briefing note based on current needs for goods, works or services;
- Make a business case for the procurement - the essential planning document for managing the whole procurement process;
- Define the procurement approach - - consider the options for carrying out the procurement;
- Markets and suppliers – understanding the market, identifying potential suppliers;
- Carrying out some form of competition - tender and evaluation – advertising for bids, evaluating tenders, making the right choice;
- Comparing at least three potential suppliers;
- Using a process of impartial evaluation to choose the supplier who meets the requirements at the best value price;
- Letting the other suppliers know they were unsuccessful and if any supplier requests feedback providing it. Bear in mind that an unsuccessful supplier this time might be the best supplier for other business you have in future – and the better they understand how they failed to meet the needs this time, the more they will be in a position to make a better and more competitive offer next time;
- After notifying all the suppliers of the decision there is an obligation to do nothing at all for a period of ten calendar days. This is known as the standstill period and is designed to give all the suppliers the opportunity to consider the decision and decide if they feel they have been treated unfairly and wish to challenge the decision in any way. Providing no challenge is forthcoming after ten days the contract can go ahead and be delivered;
- Awarding the contract – agreeing and signing the formal legal agreement, taking delivery of your goods or services;
- Contract management – to ensure the goods or services paid for, securing best value for money;
- Closure - lessons learned – at the end of the contract, what lessons will be taken forward to the next procurement.

The main difference between medium- and high-value procurements is the requirement to make the competition part of the process more formal and open, by advertising the business and considering all interested suppliers on the same open terms. This is tendering, which is described in more detail later on.

Frameworks

For any value of procurement, it is possible to use an existing framework agreement to identify and secure a competitive deal with a reliable supplier. Frameworks are a set of umbrella agreements that have been drawn up by another public sector body, such as Local Authorities and their public sector buying consortia, or by central Government Departments such as DfE and Crown Commercial Service.

See EduBuy for a group of public sector organisations who offer an extensive range of legally compliant contracts giving access to thousands of products and services which are all available to the UK education sector.

These agreements are with a 'panel' of suppliers of similar goods or services. Suppliers on a framework are approved to provide certain services, with an assurance of competitive rates guaranteed, and with the basic legal and other checks (financial stability, track record, etc.) having already been carried out by the 'owner' body. These allow the placing of orders for goods, works or services. A 'mini-competition' amongst the relevant suppliers on a framework is usual but this is typically a quicker and simpler process than setting up a new contract from scratch. For example, within DfE the Project Management and Education Services Framework provides a select pool of suppliers with good experience in supporting the initial and ongoing work involved in Academy and Free School projects. By running a mini-competition within this framework, schools can secure the right professional services for their specific needs at guaranteed good rates, quickly and efficiently.

Markets and suppliers

Outside of frameworks, all procurement will involve researching and understanding the wider open marketplace of suppliers for the goods and services, and making a cost-effective, impartial choice within that market.

When several suppliers are competing, they will try to attract the available customers by offering good-value deals and discounts. One of the key ways to achieve value for money is through encouraging competition amongst potential suppliers, by making sure as many as possible are aware of the business and are competing to get it. And this is easier to do following some basic research and understanding the market, which will help to target potential suppliers, and identify the best value options. This process is called market sounding.

Supplier open days

Before committing to any procurement, a selection of suppliers can be invited to meet and give their collective input on the procurement project. This will help to raise supplier awareness of the new business opportunity. The aims of the procurement can be outlined directly, and the suppliers will be able to say what is or isn't feasible and what else needs to be considered.

Contract management

A contract should be managed over its lifespan. The contract manager, will take responsibility for ensuring that every aspect of the contract is functioning as planned and as effectively as possible. An example of good contract management is available on GOV.UK It covers service level agreements, getting value for money, contract renewals and how to draw up a content management plan.

Closure and lessons learned

This is the final step in the procurement cycle; the need to consider how to dispose of any goods that have reached the end of their useful life, or when any contract that is currently running comes to its end, and how to deal with the possible impact. For example, leasing equipment such as photocopiers – what happens when that contract ends? Or, with contracts for cleaning or catering services how long will it take to run a competition for a new contract?

Exit strategy

An exit strategy is a plan for ending a contract earlier than originally intended. It outlines what actions need to be taken by the organisation at that point. Every project must have one.

The exit strategy must include contingency plans. For example, if a supplier goes out of business, what will the academy do to ensure services are still received?

End of contract review

At the end of a contract a formal review, taking on board the views of stakeholders and users of the product or service should take place. Then update the business case with lessons learned during the life of the contract. Anyone managing similar procurements in the future can take these into account.

Managing the end of the contract process

If future arrangements require a full procurement process, then adequate time must be allowed for this to happen. For example, if you need a new canteen supplier, the procurement process must start before the old contract expires, or there will be the potential to be without a canteen services until the new contract is put in place.

Tendering – *please see Appendix 2*

For any significant values of public sector procurement spending, it's vital that your actions and choices are open, transparent and fair, and that the best possible value for money decision is reached.

The tender process must be transparent so all bidders have equal access to the same information in the tender – the specification, process and timetable, the evaluation criteria, and their weightings. This helps to get high quality tenders, and ensure the process is fair to all involved.

Any conflict of interest must be avoided – there should be no personal or professional relationships between the people who assess and score the tender, and any of the potential bidders

Making an inefficient choice when buying a box of pencils is relatively harmless: the pencils cost little and will soon be used up, leaving you free to learn from experience and make a better choice next time. Making an inefficient choice when awarding a contract for reprographics equipment can mean losses of thousands of pounds, as well as being locked into a costly contract that might run for years. And unsuccessful suppliers may seek to challenge the decision if they think there is any suggestion that it was not impartial.

The procurement solution is to use a tendering process when making some medium and all high-value purchases.

Tendering is the process of selecting the best supplier from a range of potential suppliers, by advertising the requirements, seeking offers (also known as bids or tenders) and evaluating these on the basis of pre-set criteria that are applied equally to all potential bidders.

The usual steps involved in running a tender are:

- **Plan the tender**
- **Draw up the specification – the outcome that is required by spending this money.** The specification is the description of exactly what is required. The better and clearer, the more likely that all the important elements are covered, and the solution will meet the needs. The supplier's offer will reflect what is stated in the specification. Under-specifying requirements, may lead to extra charges for something that was not stated as a requirement up front. Over-specifying, may result in paying extra for something that was not really needed. Focus on needs – think clearly about what is needed, rather than what is wanted. This should help avoid over-specifying. Involve stakeholders in developing and signing off the specification – such as teachers, governors, PTAs
- **Advertise the procurement – let the potential suppliers know.** When advertising for suppliers there is a need to do this in places where the suppliers are likely to look. These may be local or national newspapers, specific websites or trade magazines. The advertisement must set realistic expectations for potential suppliers. It must clearly explain the procurement, and let the suppliers know what information is required in their response. The evaluation process needs to be decided in advance; to choose, set and inform all suppliers of the criteria and weighting that will be used to score them. You cannot leave this until the bids are received, or change the criteria initially agreed after the start of the tender.
- **Shortlist suppliers.** If the requirement is particularly attractive to suppliers and the whole life cost may exceed £100,000, rather than scoring and evaluating a large number of bids in detail, a pre-qualification questionnaire (PQQ) can be used. The PQQ is a first-step evaluation, taking place before the later weighted evaluation process. It asks all interested suppliers to set out some basic critical information about themselves, by replying to the questionnaire. Questions you might put in a typical PQQ could include: financial stability – does the supplier have an

established pattern of turnover in recent years; track record - can they prove that they deliver; relevant experience - have they completed similar projects for similar organisations in the past; capacity - do they have the resources to carry out the work. This can be used to filter out suppliers who will not be right for this particular procurement, no matter what bid they might make. Although this means putting an additional step into the tendering process, the time and effort involved will pay off later, by having a much smaller, manageable number of bids to deal with at the full weighted evaluation stage. Evaluating a PQQ is much more straightforward than evaluating a whole bid, because the information is basic and given in a clear and consistent format. A limit on the number of suppliers that will be evaluated fully - so that, for example, only the five highest-scoring suppliers at the PQQ stage will go on to actually bid for the business and be fully evaluated.

- **Invitation to tender.** The identified suppliers are invited to tender by sending out an Invitation to Tender (ITT). The ITT is usually made up of several documents. Briefly it will include:
 - tendering instructions - advice for the suppliers on the project timescales and administration
 - evaluation criteria – as described above, these will be used to evaluate the suppliers. A competent supplier will check the evaluation criteria and make sure they are providing the information on each of these criteria
 - specification - the statement of requirements which will eventually become part of the final contract;
 - resourcing structure;
 - contract terms and conditions - these set out all the usual details about performance, monitoring, payments and remedies for failure to deliver under the contract's terms;
 - pricing schedule - suppliers must complete a pricing schedule to show their proposed prices and expenses. The format of the form depends on the procurement project. Suppliers are requested to accept terms and conditions with minimal variation.

Every contract is legally binding document on both parties. It is appropriate to seek legal advice on the contract before signing, especially for higher-value contracts.

- **Evaluate the bids – comparing and scoring each bid on a like-for-like, impartial basis.** This is the process of deciding which factors are key when assessing the merits of each bid, for example price quoted, relevant experience of bidder, turnover of their company, how closely they meet the specification output: and deciding the relative weight of these factors. For example, is it more important that the bid is as cheap as possible, or that the bidder can deliver a sustainable outcome by using low-energy equipment. This provides a formal process of comparing elements of each bid in a fair way, and ensures that the successful bidder will ultimately be the one who can offer the best fit to those factors that are most important. Ideally, there should be at least two people who work separately to evaluate and score each bid, only comparing scores after they've completed all evaluations.

Any disagreements in scoring can then be discussed or aggregated and averaged, to produce an overall final score for every bid. The highest scoring bid is the successful one.

- **Award the contract** – notify the successful bidder (and the unsuccessful ones), agree the final contract terms, sign the contract. Before any contract can be signed, there is a compulsory “standstill period” of at least 10 days at the end of the process (allowing unsuccessful bidders to appeal if they think there has been non-compliant behaviour). All unsuccessful bidders, explaining briefly why they were unsuccessful must be written to. Each letter must include: the award criteria for the procurement, the reasons for your decision, scores for the unsuccessful bidder you’re writing to, compared with the successful supplier, the successful supplier’s name, the date when the standstill period is expected to end; and the contract date.

EU thresholds

These are financial limits which apply to all public sector procurement across the European Union. They are set by the EU and revised every two years, and every EU country is required to comply with them. The EU thresholds place legal requirements on any public sector body where the value a specific procurement is likely to go over the respective limits (“thresholds”) for goods, services or works

The EU regulations ensure that ALL high-value public sector spending is fair, open, competitive and transparent. All proposed contracts above the thresholds must be advertised widely, open to tenders from all interested suppliers, and awarded without bias to the best-value bid.

Contract opportunities must be advertised in the Official Journal of the European Union (OJEU). The tender process must follow a strict timetable setting minimum time limits for each stage

Technically, all spend over the EU thresholds is classed as either “Part A” or “Part B” procurement. Broadly speaking, “Part A” purchases are the more common kinds of goods and services (for example, vehicles and transport, telecoms and computers, cleaning and maintenance, consultancy and auditing). “Part B” are more specialist purchases – such as health, legal, cultural and sporting services – and education.

The procurement rules for Part B are slightly less complicated than for Part A – because the more specialist services classed as Part B are likely to have fewer potential suppliers and a smaller market, with less competition across the EU. So the Part B rules do not, for instance, require tenders to be advertised throughout the European Union. In practice, however, it may be better to treat all procurement over the EU thresholds as “Part A” procurement.

Managing the contract

Contract management is how to ensure that the supplier is delivering the contract requirements to specification and cost and that any shortfalls in performance are tackled effectively and quickly.

It is a joint responsibility between the academy and the supplier. A good contract manager builds and maintains a strong working relationship with the supplier and with all relevant partners and stakeholders, checking that the scheduled goods, works or services are being delivered on time and to the required standards set out in the contract.

He or she will be responsible for responding to changes in the wider marketplace or environment, and for addressing any problems as they arise, seeking resolution through informal dialogue as a first step.

An effective contract manager will also seek to get better value out of the existing contract – by identifying incentives to encourage higher performance delivery from the supplier, or using cost-effective measures (for example, seeking discounts for very prompt payment of invoices).

7.2 Routine Purchasing

7.2.1 Budget holders will be informed of the budget available to them at 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. Online access to actual spend and committed versus budget will ensure this.

7.2.2 Purchases invoices can originate in the two streams;

- **Through the Purchase Ordering process** - This will be the standard purchasing process
- **Not through the Purchase Ordering process** - This will be used for such expenditure as rent, rates, utilities i.e. water, gas, electricity and telephone, refuse disposal and sanitary bins collection, franking machine top-up, subscription and license renewals, supply cover (long term), exam fees, educational visit costs, payment against contracts (i.e. photocopiers, security, catering, cleaning, water coolers), payments against buy back agreements (i.e. payroll provider, EWO services etc.), emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or maintenance calls), transport costs.

7.2.3 Ordering

a. PS Financial Web portal

The requisitions are entered on the web portal by the budget holder or departmental assistants against the nominal accounts that have been assigned to them. The list of authorised suppliers is controlled by the

Finance staff and new suppliers are added on the approval of the Managing Director. The web portal allows quotations and information supporting the orders to be attached to the order via a shared drive.

The goods are receipted by the Finance staff on the PS Financial Web portal after written confirmation is received from the Departmental Assistants or Budget Holders that the goods and services have been received.

The Web portal gives a Budget Holder report in real time actual to date, commitments, budget and balance remaining.

b. PS Financial Distribution

This determines the work flow and routes the requisition to its following stages in accordance with criteria pre-set on the PS Financial system – ability to create, move, amend or view only. The facility to undertake budget checks before orders are committed can be switched on via the PS Financial Distribution. The initial status of each user determines at what stage of the work flow the users can join the ordering process:

- Requisitions raised (REQ)
- Requisition authorised (REQAUT)
- Purchases Order Requisition (POREQ)
- Purchase Order Authorisation (POAUT)
- Delivery notes (GRN)
- Invoices (INV)

The Requisitions (REQ) are raised by the departmental assistants and are converted to authorised Requisitions (REQAUT) with approval of the budget holder. When the Finance staff are satisfied that the supplier is appropriate; the correct nominal and account; that there is adequate budgetary provision and that quotations have been obtained if necessary they convert the requisition to a Purchase Orders (POREQ).

The authorisation of Purchases Orders (POAUT) is restricted to the Managing Director and Accounting Officer.

The goods are receipted by the Finance Staff (GRN) on the PS Web portal and matched to Invoices (INV). Separation of duties is adhered to as the budget holders sign the Invoices as confirmation that goods and services have been received. 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. Before signing the invoice the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Office for processing. Budget holders must undertake these checks without undue delay and in any case within seven days of invoice receipt.

The workflow ensures that without the necessary authorisation at each stage of the purchasing process, by the approved staff, that the order will not progress to the next level.

c. PS Financial SENTINEL

This controls the email notification to the staff when requisitions are entered on the web portal based on the rules and criteria predetermined. The Budget holders receive email alerts when requisitions are entered against their budgets and if approved the Finance Office staff in turn receive email notification of its authorised stage. Cancellation or non-approval or part approval is similarly communicated via the email with the supporting comments.

The PS Sentinel has financial limits for order authorization and has facility to set dual / triple authorization for large orders.

d. PS Financial Document Emailer

The authorised orders and sales Invoices are communicated to the Suppliers and Customers by email by the Finance Staff. It also allows remittance advices to be sent to suppliers once the BACS payment method goes live.

e. Cheques

- The cheque signatories are any two from the Trust's mandate and in accordance of the regulations contained in the scheme of delegation.
- All cheques must be signed within 24 hours of the Managing Director notifying the signatories that the cheques have been raised.
- It is accepted that it is good practice for the person originating the cheque not to be one of the signatories on the cheque.

The Senior Finance Manager is designated to control cheques and must ensure that:

- all cheques are securely stored;
- all cheques are entered correctly on the financial management system;
- spoiled cheques are marked as cancelled and retained;
- minimum re-order levels are established;
- a system of periodically ensuring that all cheques are properly accounted for, i.e. they are still in stock or have been used;

If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the Late Payments of Commercial Debts (Interest) Act 1998.

The Senior Finance Officer must ensure that all prime records are retained for six financial years current year and stored in a secure cabinet (or similar) in a secure and logical manner.

A copy of the computer-generated schedule of cheques will be retained within the Finance Department. Original invoices must be marked to ensure duplicate payments are not made, together with details of the cheque number, date sent etc.

Copy invoices are not to be paid until exhaustive checks have been made to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice “invoice not previously passed for payment” and signing.

Under no circumstances are payments to be paid against statements to suppliers.

Where appropriate, adequate checks are to be made that the contractors employed for buildings work – maintenance and repairs etc. – have Public Liability Insurance Cover, minimum value £5,000,000. It is the responsibility of the Managing Director to ensure that this is complied with.

It is the responsibility of the Senior Finance Manager to ensure that the conditions of the Construction Industry Tax Scheme are complied with.

Any order or purchase which is estimated to exceed £10,000 in value, for the supply of goods, materials or services will be subject to 3 competitive quotations. For amounts between £10,000 and £50,000, documentary evidence of the various quotations must be obtained and attached to the purchase order. Approval of contracts over £100,000 will only be made after following the Trust’s tendering procedure.

8. Bank Accounts

- 8.1 The opening of all accounts must be authorised by the Board of Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.
- 8.2 All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of authorised signatories.
- 8.3 The Trust’s bank and/or building society must be informed that the Trust’s accounts must never become overdrawn.
- 8.4 Where the cash flow position is such that the bank account might become overdrawn, then the Accounting Officer has the authority to request from the EFA an early advance of the monthly budget allocation. Confirmation that such a request has been made must be notified to the Managing Director, Trust, Chairperson of the Operations Committee at the next meeting, together with an explanation as to the reasons why and the additional cost to the Trust in terms of interest charged.

- 8.5 The Trust will maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account.
- 8.6 Surplus balances are transferred to a high interest or deposit account every night.
- 8.7 Direct Debits and Credits will only be made with the authorisation of any two signatories from the Trust's mandate.
- 8.8 For any Direct Debit or Credit authorisation over £5,000, then one of the signatories must be the Accounting Officer.

9. Payroll

- 9.1 The main elements of the payroll system are:
- Staff appointments;
 - Payroll administration and payments
- 9.2 As part of the annual budget process The Board of Trustees will approve a staff establishment for the Trust and Academies.
- 9.3 The Accounting Officer and the Headteacher/Principal have the authority to appoint staff within the authorised establishment, including supply staff, except for the Headteacher/Principal and the Managing Director whose appointments must be approved by the Trustees.
- 9.4 Changes to the staff establishment can only be made with the approval of the Accounting Officer who must ensure that adequate budgetary provision exists for the proposed change.
- 9.5 Changes to staff pay can be recommended by the Headteacher/Principal and approved by the Accounting Officer.
- 9.6 New appointments, any subsequent amendments to an employee's terms of employment and terminations of employment will be notified to the pay provider by the required means.
- 9.7 Staff overtime, and supply claims can be recommended by the Headteacher/Principal and approved by the Managing Director or Accounting Officer.
- 9.8 The monthly payroll must be approved by the Managing Director prior to salaries payment.
- 9.9 The Managing Director will ensure that the Staffing spread sheets are up dated to take account of new appointments, amendments, terminations of employment overtime and supply claims.

10. Credit Card Use

- 10.1 Any payroll transaction relating to the Accounting Officer can only be authorised by the trust.
- 10.2 A limited number of credit cards will be issued for small value transactions. Trust & Academy credit cards can be used for purchasing online. An order should be raised and entered on the system in the usual way. Credit cards should only be held by authorised card holders and should be retained on the school premises at all times. Monthly statements should be checked and all documents supporting the payments should be retained with the statement.

- 10.3 Use of charge cards and/or credit cards will be allowed in accordance with The Trust regulations. All charge cards should be held in a safe and signed for if being used off site. Accounts must be reconciled and balanced to receipts on a monthly basis.
- 10.4 Card transactions will be kept to a minimum and only used after every attempt has been made to look for suppliers who would accept cheques.
- 10.5 Every card transaction needs to be authorised by two of the authorised signatories in accordance with the bank mandate before processing.
- 10.6 Following authorisation the transaction is processed by the Managing Director and Senior Finance Officer together.
- 10.7 The card has a spend expenditure limit of £5,000 (represents two months' worth of transactions) and a single transaction limit of £500. No cash withdrawals are permitted on the card.
- 10.8 Credit card use and limits will be reviewed annually.

Use of Credit Card Policy

The card must only be used for procuring goods and services from suppliers who are unable to accept cheque payments. Every attempt will be made to look for alternative suppliers who would accept payments by cheque and the card transaction will be the "last resort" and kept to a minimum. The Procurement Card can be used over the phone, fax or secure internet site (PayPal, Sage-pay or other approved signs) and all controls that would apply to a normal transaction to be adhered in the usual way.

The Budget holder would seek prior authorisation from the Managing Director if there is a necessity for the use of Procurement card in sourcing the goods / services for the Academy. If the Managing Director is satisfied with the reasoning and the supplier has been vetted, the Budget Holder can go ahead and raise a Purchases Order form with reasons for the use of procurement card noted down. The Senior Finance Officer then completes a new form "Authorised Use of Procurement Card", draft format attached and numbered sequentially. The Accounting Officer authorises both the forms and the latter require additional authorisation by a second cheque signatory (like in the case of cheque payments).

Only after the necessary authorisations have been in place the Senior Finance Officer and the Managing Director together will process the order and make the payment via the card either over a secure internet site, fax or phone. After the receipt of goods / service the invoice must be reconciled with the order value (and delivery note where applicable) and the transaction processed on the Academy's Financial System.

If there is a problem with the goods or services supplied the supplier contacted immediately for a refund into the card or to obtain replacement.

The Procurement card should be held in the locked safe on the Academy Premises at all times and the Finance Officer will be responsible for its security. The card is taken out of the safe only for the purposes of processing a card transaction by the TWO authorised officers; the Managing Director and Senior Finance Officer. If the card is lost or stolen the Bank to be notified immediately.

The monthly card statement received from the Bank should be reconciled against the card transactions and all supporting documents (order, card usage form, delivery note, receipt and invoice) presented initially to the Managing Director for scrutiny and then to the Accounting Officer for authorisation. A direct debit arrangement has been set up to clear the card balance in full at the end of each month.

The card has a spend expenditure limit of £5,000 (represents two months' worth of transactions) and a single transaction limit of £500. No cash withdrawals are permitted on the card.

10.9 The Trust will fall under the central VAT registration and will therefore apply the relevant VAT codes to each financial transaction in accordance with the VAT manual and guidelines.

10.10 Petty Cash

- a. Minor items of expenditure can be paid or reimbursed to staff through the Academy's own petty cash system.
- b. Expenditure paid through petty cash must not exceed £100 in any one transaction. Requests for amounts above this limit can only be authorised by the Managing Director.
- c. All payments made must be supported by an appropriate vat voucher signed by the member of staff receiving the cash.
- d. All petty cash will be kept in a locked box in the safe and the Managing Director will be responsible for its security.
- e. The amount of petty cash held in each Academy must be kept to a minimum and should never exceed £500 at any one time. The maximum amount of cash held in the academies at any time must never exceed the insured limit for the safe as set by the academies' insurance cover.
- f. The Senior Finance Officer will be responsible for the monthly reconciliation of the petty cash at the end of the month and entry onto the Trust's financial system. Receipts less payments plus cash in hand should equal the imprest after taking into account the cash brought forward from the previous month.
- g. Any special arrangements for obtaining petty cash must be notified to the Accounting Officer and agreed.

11. Fixed assets

11.1 Inventory/Asset Register

Trustees recognise the need to maintain an inventory of equipment in the Trust in order to:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets;
- Ensure proper physical control of equipment;
- To provide an up-to-date record of the equipment available for teaching purposes;
- To manage the effective utilisation of assets and to plan for their replacement;
- To provide a basis for insurance cover and claims if equipment is damaged or destroyed, e.g. by fire, theft, vandalism or other disaster;
- To enable external auditors to evaluate the annual accounts and the Academies' financial position

11.2 All items of equipment satisfying the conditions below will be both visibly and invisibly marked with the name and postcode of the Academies. As and when they are received entries will be made in the inventory for:

- items valued at £1000 or more at the time of purchase, either individually or as a set;
- attractive and portable items;
- items especially considered by the Headteacher/Principal as being worth including.

11.3 The inventory will be maintained by the Managing Director.

11.4 The school inventories will be checked annually by the Headteacher/Principal and certified correct. All discrepancies are to be notified to the Accounting Officer immediately.

11.5 All disposals should be recorded promptly, showing the method of disposal and the authority for such action.

DISPOSAL AND WRITE OFF POLICY

DISPOSALS

- The Headteacher/Principal is authorised to dispose of surplus, damaged or scrap stock, materials or equipment on the best possible terms, where the estimated realisable value of the materials does not exceed £1000. Where the estimated realisable value exceeds £1000, the approval of the Accounting Officer and Governing Body/Finance Committee shall be obtained;
- If the estimated realisable value of the materials is in excess of £50 but does not exceed £1000, the proposed disposal shall be advertised on the staff notice board and staff will be invited to submit sealed bids for the items.

- If the estimated realisable value of the materials is in excess of £1000, quotations shall be invited from at least two sources external to the school. Staff, however are not precluded from also submitting bids.
- Records of disposals shall be kept together with details of bids.
- The new rules for the disposal of electrical and electronic equipment must be complied with (see attached guidance).

WRITE OFFS

- The Headteacher /Principal is authorised to write off any debt owing to the Academy up to a value of £1000 for any one item, provided that he/she is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect school meals debts; letters; damage to the school or contents; charges levied by the school (e.g. music tuition). Any debt in excess of this shall be written off by the Governing Body/Finance Committee.
- Records of write offs shall be kept.

11.6 Loan of Assets

A separate “Register of Items removed from the school site” shall be kept for all items loaned to members of staff and pupils, and all items taken off school sites for any reason shall be entered. In the event of any items not being on site when the inventory is checked, reference shall be made to this register in the first instance.

If assets are on loan for an extended period or to a single member of staff on a regular basis the situation may give rise to a ‘benefit-in-kind’ for taxation purposes.

11.7 Depreciation

The Trust will depreciate fixed assets in line with recognised accounting standards, DfE guidelines and external auditors.

12. Internal Control

- 12.1 The Senior Finance Officer is responsible for carrying out the monthly bank statement reconciliation within one week of receipt. All discrepancies are to be reported to the Accounting Officer and Bank and investigated immediately.
- 12.2 The Managing Director is responsible for completing the quarterly VAT returns in the prescribed format and forwarding them to the DfE if requested.

12.3 The Accounting Officer will be responsible for periodically checking and signing to confirm the checks have been made for both the Delegated Budget and school funds:-

- bank account reconciliations
- system reconciliation
- VAT returns
- Petty cash reconciliations
- the appropriateness of payment arrangements in the context of maximising cash flow
- The use and authorisation arrangements of Direct Debits/Credits

The Accounting Officer is responsible for regularly checking and signing to confirm the checks have been made of payments to monitor that:-

- transactions have been properly authorised
- no payments have been made which could be classified as fee payments to individuals
- where appropriate, the requirements of the Construction Industry Tax Deduction Scheme have been complied with

12.4 The Trust should provide their Audit Committee with a schedule of financial responsibilities on appointment; and agree a pattern of working to assure Trustees/Governors that all appropriate internal controls are in place and being adhered to. The Audit Committee will perform these duties on behalf of each school and report their findings to the Trust Accounting Officer.

12.5 The income and expenditure report will be issued to the Accounting Officer on a monthly basis.

12.6 The Trustees report will be produced annually.

ANTI FRAUD POLICY

Introduction

Fraud, bribery, corruption, or other dishonesty, would adversely affect the Trust's reputation and put at risk its ability to achieve its objectives by diverting resources from the provision of education for the students.

The purpose of this policy is to confirm the academies commitment to preventing and detecting fraud, bribery and corruption.

The Fraud Act 2006 came into force on 15th January 2007. The Act created a single offence of fraud and defined this in three classes:

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of:

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as:

"the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."

Fraud is different to theft, which is defined in the 1968 Theft Act as:

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

A bribe is:

"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity" [CIPFA].

There are various Bribery offences, including offering or accepting a bribe (Sections 1 and 2 of the Bribery Act 2010), bribing or attempting to bribe a foreign official (Section 6) and being a commercial organisation failing to prevent bribery (Section 7). While the Trust is not a 'commercial organisation' for its normal activities, it is still considered appropriate for it to have regard to Guidance relating to the Bribery Act.

Corruption is:

"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."

The term "fraud" is used throughout this policy. For the purposes of this document the term also includes theft, bribery and corruption.

The Anti-Fraud, Bribery and Corruption Policy and Strategy document applies to Trustees, Governors and all employees (full time, part time, temporary and casual) of the Trust and its academies.

Policy statement

The Trust expects all Trustees, Governors, employees and those acting as its agents to conduct themselves in accordance with the seven principles of public life defined by the Nolan Committee 1995. The seven principles are:

- Honesty - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest

- **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
- **Selflessness** - Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends
- **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit
- **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands
- **Accountability**- Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office
- **Leadership** - Holders of public office should promote and support these principles by leadership and example.

Responsibility

The Trust aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses.

The LGBs are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the academy's interests are safeguarded, including its reputation.

Risk is managed through the existence and application of appropriate policies and procedures. The wide range of procedures in place to minimise the risk of fraud constitute a major part of the system of Internal Control, which is designed to ensure the academies conduct its business properly and effectively and completes its transactions fully, accurately and properly.

The responsibility for anti-fraud arrangements is widely dispersed. Trustees have to give clear support to the arrangements. The LGBs and Headteacher/Principal must provide strong leadership by advocating the academy's arrangements and supporting strong action when these are ignored.

The importance of a positive culture towards anti-fraud, bribery and corruption cannot be overstated. The effectiveness of the Trust's policy can be undermined by a culture that does not apply the public standards and supporting procedures routinely on a day to day basis. Maintaining appropriate arrangements, continually advocating them and taking robust action where they are not applied all help to build the right underpinning culture.

Key Procedures and Controls

The following key procedures and controls operate within the Trust:

- The Trust has an effective Anti-Fraud, Bribery and Corruption Policy and Strategy, and maintains a culture that will not tolerate fraud, bribery or corruption;
- Trustee, Governors and employees comply with respective Codes of Conduct;
- Risk Management procedures are in place;
- A Register of Interests is maintained to enable Trustees, Governors and employees to record any financial or non-financial interests that may bring about conflict with the school's interests;
- A Register of Gifts and Hospitality is maintained to enable Trustees, Governors and employees to record gifts and hospitality either received, or offered and declined, from contractors and suppliers;
- Confidential Reporting (Whistle blowing) procedures are in place and operate effectively;
- Suitable and enforced financial and contract procedure rules are in place;
- There are robust recruitment and selection procedures
- There are clear and active disciplinary arrangements;
- Sanctions are pursued against those who commit fraud, bribery and corruption.

The Trust maintains a continuous overview of its arrangements for managing the risk of fraud. A regular review of the Policy and Strategy is carried out and the documents are revised as appropriate to reflect any key changes and to incorporate current best practice.

The school expects that the individuals and organisations with which it deals (e.g. partners, suppliers, contractors, and service providers) will act with integrity and without thought or actions involving fraud, bribery and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

In assessing the effectiveness of its arrangements, the Trust will monitor the extent to which:

- key personnel are trained in detecting and investigating fraud,
- identified incidents are investigated,
- perpetrators are robustly dealt with,
- the school responds to identified weaknesses in its systems and controls,
- there is any trend in incidents experienced,
- perpetrators are prosecuted,
- recovery of losses is sought.

Audit

The Audit Committee and internal audit procedures are a key element of the Trust's control system. Internal audit carries out a risk based series of audits designed to assess the school's identification and management of fraud risks. The external Audit Team provides an independent appraisal of the integrity of all internal control systems.

Raising concerns

It is the responsibility of the Trustees, Governors, Accounting Officer, Headteacher/Principal and employees to prevent and help detect fraud, bribery and corruption. In high risk areas specific controls aimed at preventing and detecting frauds will be in place.

Governors, Accounting Officer and the Headteacher/Principal have a duty to inform the Board of Trustees and the Audit Committee of any potential fraud, bribes, corruption or other suspected irregularities.

The Managing Director will ensure that a log is maintained of all reported incidents at the school which will be reported to the trustees. Any incidents above £5000 will be reported to the EFA

A decision will then be made as to who is best placed to investigate any concerns raised. The investigating officer also has the responsibility to report all findings to the Audit Committee.

It is often the alertness of employees and the Public that enables frauds to be detected. In accordance with the Whistleblowing Policy, any member of staff with any concerns about the Trust or its academies' activities should normally raise concerns through their immediate manager or senior management. However, it is recognised that this may not be possible in certain circumstances. In these cases, contact should be made with the Chair of the Trust or the Audit committee; the Accounting Officer or the Managing Director as appropriate. Concerns may also be raised with the Trust's External Auditor.

All concerns, reported by whatever method, will be treated in confidence and will be reviewed and investigated by the person deemed to be appropriate and best placed to do so. This may mean that, depending on the level, type and details of the concern raised, that concerns are investigated by the Trust, internal audit or in the case of very serious concerns, the External Auditor or the Police.

13. Allowances and Expenses

13.1 Trustees' and Governors' Allowances

Section 36(5) of the Education Reform Act 1988 enables governing bodies to decide whether they wish to pay travelling and subsistence allowances from the Trust budget to individual members of the Trust & Governing Bodies. It is expected that members will wish to minimise the level of expenses. The policy of the Trustees/governors in respect of payment of allowances will be reported to DfE as part of the Annual Accounts.

Trustees/Governors have agreed that subsistence and travelling expenses may be paid to all Trustees/governors. Actual expenditure claimed must be supported with receipts, whatever the expenditure.

The claims will be processed in the Finance Office and payment sent to the Trustee/Governor. All records of claims and payments must be kept together.

All records and papers relating to payment of Trustees and Governors expenses will be retained in the Trust for six financial years plus the current year in a secure and logical manner.

13.2 Staff Expenses

Staff may claim for reasonable expenses incurred to perform their duties. Reasonable expenses include:

- Travel by public transport (excluding home to work travel);
- Use of own car and parking (excluding home to work travel);
- Unavoidable overnight accommodation;
- Reimbursement for the purchase of approved items.

Rates and allowances are laid out in the schedule of agreed allowances which will be reviewed annually.

Actual expenditure claimed must be supported with receipts, whatever the expenditure.

The claims will be processed in the Finance Office and monitored to ensure compliance. Payment will be sent to the member of staff. All records of claims and payments must be kept together.

14. Whistleblowing

Purpose

The Academy is committed to the highest standards of openness, honesty and accountability. It encourages employees to raise promptly any serious concerns they may have about the activities of employees, Governors, or external organisations in relation to their dealings with the Academy. This policy:

- Enables employees to raise their concerns and to receive feedback about the outcome of any ensuing investigation but not the detail of the investigation nor any actions taken;
- Allows employees to take the matter further if they are dissatisfied with the response;
- Protects employees from reprisals or victimisation for 'whistleblowing' made in good faith.

Scope

This policy covers concerns that fall outside the scope of the Grievance Policy. The employee's concern may be about something that:

- Is potentially unlawful;
- Is against the Academy's policies;
- Amounts to improper conduct, bad practice, or potential fraud or corruption;
- Seems likely to cause damage or harm to a member of the public, the Academy or its staff;
- 'Covers up' an issue

Confidentiality

The identity of employees who raise concerns will be protected as far as practicable. However, the investigation may, out of necessity in some instances, reveal the source of the information and statements made by the employee(s) who raised the issue may comprise part of the formal evidence.

Employees are encouraged to put their name to any allegations made. Concerns expressed anonymously will be considered at the discretion of the Academy, taking into account:

- The seriousness of the issues raised;
- The credibility of the concern;
- The likelihood of the allegation being substantiated; and
- Untrue allegations.

If an allegation is made in good faith, but is not upheld by the investigation, no action will be taken against the employee who raised the concern. However, employees who make malicious or vexatious allegations may be subject to disciplinary action.

Raising a Concern

Employees should normally raise concerns with their Headteacher/Principal. This will depend on the nature of the concern, the seriousness and sensitivity of the issue, and who is allegedly involved.

Employees who feel unable to approach their Headteacher/Principal may contact a member of the Local Governing Body. Trade Union members may wish to contact their union representative for assistance or advice on raising an issue.

Concerns can be raised orally or in writing. It is important that the employee provides as much detail as possible (including specific names, dates and places where known).

Employees who raise an issue in good faith under this policy are protected by the Public Interest Disclosure Act 1998 from any repercussions on their present position or future career. The Act does not protect anyone who is acting maliciously, making false allegations or who is seeking personal gain.

Where concerns are of a serious nature, employees have the right to raise issues directly with the Police or other relevant agency as they see fit.

Where an employee is concerned that the Local Governing Body is acting or proposing to act unreasonably or has failed to discharge its duties, this can be raised with the Secretary of State for Education.

Academy Response

The action taken will depend on the nature of the concern. For example, the matter may:

- Be investigated internally;
- Be referred to the Police;
- Be referred to the Academy's External Auditor; or
- Form the subject of an independent inquiry.

To protect individuals and the Academy, initial enquiries will be made to determine whether an investigation is appropriate and what form it should take. Allegations which fall within the scope of specific procedures (e.g. child protection or unlawful discrimination issues) will normally be dealt with under those procedures.

Some concerns may be resolved by agreed action without the need for investigation.

Within 10 working days of a concern being received, the person with whom the issue was raised will write to the employee:

- Acknowledging that the concern has been raised;
- Indicating how it is proposed to deal with the matter;
- Advising whether further investigations will take place and, if not, why not; and
- Confirming, where possible, an estimate of how long it will take to provide a final response.

If necessary, further information will be sought from the employee regarding the concern. The employee will have the right to be accompanied at any meetings by a Trade Union representative or work colleague.

Outcome of Investigation

The employee will be informed about the outcome of any investigation but not the detail of the investigation or any action taken against another employee (e.g. disciplinary action).

If the employee is not satisfied with the outcome of the investigation and wishes to take the matter outside the Academy, they may contact:

- For safeguarding issues only, The Local Authority (LADO) (Tel: 0116 3057597);
- Their local Councillor (for employees who live in the area of the Academy);
- Relevant professional bodies or regulatory organisations;
- The Police;
- The whistleblowing charity, Public Concern at Work (Tel: 020 7404 6609);
- The Audit Commission (Tel: 0845 052 2646).

When taking the matter outside of the Academy, the employee must ensure that they do not disclose confidential information which is not relevant to the issue.

Responsible Officer

The Chair of the Local Governing Body has overall responsibility for the maintenance and operation of this policy. He/she must maintain a record of concerns raised and their outcomes and will report, as necessary, to the Local Governing Body.

Procedures

- Appendix 1
Beacon Multi-Academy Trust Summarised Financial Scheme of Delegation
- Appendix 2
BMAT - Tendering Limits
- Appendix 3
Register of Business / Pecuniary Interests

Beacon Multi-Academy Trust Summarised Financial Scheme of Delegation

Delegated Responsibility	Value	Delegated Authority	Method
Orders and payments for goods and services	Capitation allocated	HODs	Order Form/ Financial System
	Up to £5K	Budget holder and Finance team	Order Form/Financial System
	£5K to £49,999K	Finance Team and MD or Accounting Officer	
	£50K to £99,999K	Finance Team and Accounting Officer/MD	
	Above £100K	Accounting Officer/MD and Chair Of BMAT	BMAT Trust Board
Signatories for cheques/ BACS payment authorisations and other bank transfers	Up to £100K	2 signatories at all times - Accounting Officer and MD	Order Form/Financial System
	Above £100K	2 signatories at all times Accounting Officer and MD and inform BMAT	
Signatories for DfE/EFA grant claims and DfE returns	Up to £100K	2 signatories Accounting Officer and MD	BMAT TRUST
	Above £100K	Plus Chair Of BMAT	
Approve transfers between budget headings within agreed limits	Up to 100K	MD and Accounting Officer	Operations Committee
Authorise/ seek authority for the disposal of unusable or obsolete items	Up to £10K	MD	Operations
	Above £10K	MD and Accounting Officer – 2 signatories	Trust
Seek approval for	Up to £10K	MD	Operations

writing off debts and losses	Above £10K	Accounting Officer	BMAT Trust & operations committee
Competitive Tendering Policy	Please see Procurement table attached		
Pecuniary Interest	No Minimum Values	BMAT audit committee	At all trust & governance meetings we have a declaration of pecuniary interests (including family members) as a standing agenda item. Annually we send out a declaration of pecuniary interest forms to all staff and all governors- these are then filed in finance for Audit

BMAT - Tendering Limits

It is important that all purchases show best value has been achieved; to do this the Trust has adopted the follow procedures, which must be adhered to by all Budget Holders:

Estimated Value of Goods, Services or Construction Works	Minimum Number of Quotes/ Tenders	Method of Inviting Quotes/ Tenders	Basis of Selecting Supplier/ Contractor	Records Required	Formal Contract Required
Under £1K	Purchaser to ensure Academy getting value for money	Written Quotation	Purchasing Knowledge	Note to be made of Source, name and amount of quotes obtained.	No
1,001–5,000	3 to be obtained	Formal /Written quotation	Purchasing Knowledge/ Trade Directories	Written note of source, name and amount of quotes must be obtained	No
5,001–50,000	3 to be obtained	Formal Written Quotation	Purchasing Knowledge/ Trade Directories – Trust approved list	Quotations received, written MD ONLY via Sealed envelopes.	Yes
50,001 and over	Minimum 3 to be invited	Competitive tendering or Procurement framework – can be used below this level	Advertisement /Trade Directories- Trust approved list	Tender schedule and tenders	Yes

All of the above limits are exclusive of VAT



Register of Business / Pecuniary Interests

Individuals should include interests of both themselves any member of their immediate family (including partners). Completion of this register does not remove the legal duty upon governors and members of staff with financial responsibility, to declare personal interest in any item of business at a meeting and for the person concerned to withdraw whilst the matter is considered.

Name of Individual

Person / Relationship (self / partner)	Name of Business	Nature of Business	Nature of Interest	Date interest started eg start date of employment	Date interest ends / ongoing

If you have no such interests please write "NIL" in the table above.

I certify that I have declared all beneficial interests which I or any person connected with me have with businesses or other organisations which may have dealings with the school. I also undertake to inform the school of any change in these business interests.

Signed: (Chair of Trust/Accounting Officer/Chair of LGB/Governor /Principal/Clerk /Associate Member/Staff Member*) Date:

I have noted the interests declared above:

Signed (Chair of Trust/ Accounting Officer/ Chair of LGB/Principal*) Date:

** delete as appropriate*