



Durham &
Newcastle
Diocesan
Learning
Trust

Durham and Newcastle Diocesan Learning Trust (DNDLT)

Company Number 10847279

Finance Policy

"Every child matters and no child is ever left behind..."

**"Let the little children come to me, and do not stop them;
for it is to such as these that the kingdom of God belongs."
Luke 18:15-17**

Date Policy Approved: 6 December 2023
(interim review 14th Feb 2024)

Next Review Date: Annual Review

Version: 14

Approving Body: Trust Board

FINANCE POLICY

1 Introduction

Vision Statement:

At the heart of our vision is our commitment to ensure all of our schools are places where children and young people develop and thrive academically, socially, culturally and spiritually. The drive for excellence and effectiveness in our schools is paramount, but not merely because the Government says so. The enabling of every child to flourish in their potential as a child of God is a sign and expression of the Kingdom and is at the heart of the Trust's distinctive mission. This vision statement will be taken into account in all of our policies and their implementation.

The purpose of this policy is to ensure that The Durham and Newcastle Diocesan Learning Trust (the Trust) maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE, primarily the Academy Trust Handbook (ATH). This policy expands on that and provides detailed information on The Trust's accounting procedures and systems.

This policy should be read in conjunction with the following Trust policies/procedures and with individual academy financial procedure notes as appropriate.

- Scheme of Delegation
- Assets & Disposal Policy
- Anti-Fraud and Corruption & Bribery Policy
- Whistle-blowing Policy
- Treasury Management Policy
- Budget Monitoring and Setting Procedure

This policy will be regularly reviewed and amendments can only be made following the approval of the Directors.

This policy applies to the Trust and to all individual academies within the Trust.

This policy should be read by all staff involved in financial transactions.

Instances of non-compliance with this policy will be reviewed by the

Accounting Officer and may be reported to the Board.

2 Financial Responsibilities

The key financial responsibilities within the Trust are outlined below:

The Board of Directors and finance, audit and risk committee

The Board of Directors has overall responsibility for the administration of The Trust's finances. The Board is responsible for managing the financial affairs to ensure regularity, propriety and value for money, and for ensuring that the Trust's funds are used in accordance with charity law, company law and the funding agreement. The Directors are held to account by the Secretary of State however the Board delegates certain powers to the Accounting Officer. The Board has agreed a Scheme of Delegation detailing the functions and decision making within the Trust.

The Board also delegates certain responsibilities and duties, including financial scrutiny and oversight to a finance, audit and risk committee. Staff employed by the Trust who are also Directors will not sit on the audit committee or vote on any audit matters although may remain in attendance to provide information. The Board has commissioned a programme of internal assurance testing, across all academies in the Trust, to be carried out by independent auditors to support them in their role. The Board also has separate external auditors for annual audit and receives the reports of both external auditors in respect of both internal assurance and external audits and these are scrutinised by the finance, audit and risk committee.

The finance, audit and risk committee will regularly review controls and risks at the Trust's constituent academies and report to the Board of Directors. The Board will ensure information submitted to DfE and ESFA that affects funding is accurate and compliant.

The Academy Councils

The Academy Councils are responsible for financial decision making in line with the approved Scheme of Delegation.

The Accounting Officer

The Trust have appointed the Chief Executive Officer as the Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

The Chief Financial Officer

The Trust have appointed a Chief Financial Officer.

Chief Financial Officer Support

The Trust has a central finance team who support the Chief Finance Officer.

The main responsibilities of the Chief Financial Officer (supported by the Finance team and where appropriate financial consultants)) are:

- the establishment and operation of a suitable accounting system;
- the management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors;
- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- to ensure the accounting officer and the board are up-to-date with the latest funding changes, and other statutory guidance and to compile appropriate benchmarking reports to support the Trust board in fulfilling its duties.
- oversight of the preparation of monthly and annual management accounts;
- to ensure that the Trust's resources are managed efficiently, ethically and professionally and in line with the Academy Trust Handbook.
- to produce and present comprehensive financial reports to the Board of Directors and relevant sub- committees.

The School Business Managers and other members of staff

The School Business Managers or Office Managers as relevant within each academy are responsible for supporting the Finance team and Chief Financial Officer and operating the financial procedures in line with with this policy. Names and contact details can be located on the individual school websites.

Other members of staff will have some financial responsibilities. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Members, Directors, academy councillors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register will also record family relationships within the Trust as required by the ATH. The register is open to public inspection and published on the Trust website.

The existence of a register of business interests does not, of course, detract from the duties of members, directors, academy councillors and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board, academy council or a committee. Conflicts of Interests are a standing item on all agendas. Where an interest has been declared, procedures ensure that the conflict is managed and directors, academy councillors and staff should not attend that part of any committee or other meeting.

Related Party Transactions

Related party transactions will be subject to prior approval by the Board and will only be undertaken within the not-for-profit regulations within the ATH. The Board will comply with the ESFA reporting and approval requirements under the Academy Trust Handbook in relation to any such transactions and will seek prior ESFA approval for any Related party transaction over £40,000.

The Trust will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's [enquiry form](#).

3 Accounting System

All the financial transactions of The Trust must be recorded in the financial management system (ACCESS). This system consists of

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger

System Access

The Accounting Officer and the Chief Financial Officer have responsibility to agree the system, set up and controls in ACCESS and to determine appropriate levels of Access for users of the system.

User Access is controlled through secure user accounts and passwords. It is the responsibility of all users to keep their password secure. Access to the system is password protected with password changes forced regularly. System Access must ensure that there is adequate separation of duties in the process and that users may not initiate and approve transactions.

The Accounting coding structure

The coding structure within the accounting system should:

- allow analysis of all spend and income by spend type and by departments and thereby facilitate control and accountability
- employ appropriate control accounts

- facilitate the efficient and complete translation of financial data into financial returns and reports. e.g. The Trust must help ensure compliance with the DfE's Accounts Direction and with the most recent Charities SORP and Companies Act.

Changes to the coding structure should be kept to a minimum to ensure consistency in budget reporting, new codes may be requested and if considered necessary will be added by a member of the Accounts team.

Transaction Processing

All entries in the accounting system must be properly documented and journals over £50K are signed by at least two people, usually the MA and CFO and/or CEO.

Financial documentation must be kept for audit purposes in line with the document retention policy and statutory requirements (at least 6 years plus the current year for all finance documentation). Where applicable documentation should be uploaded to the relevant transaction entry on ACCESS.

Confidential finance & budget documentation should be shredded and disposed of securely.

Staff across the Trust have a collective responsibility to ensure all financial transactions are recorded on the accounting system on a timely basis. This is best practice to ensure financial records are accurate and that payments to suppliers are made in good time. Budget holders are responsible for ensuring their part in the finance process (i.e. goods receipt entry and invoice approval) is completed promptly and in line with timescales provided by the Accounts team.

The Accounts team are responsible for a monthly review of the finance system to ensure only regular transactions are posted to the accounting system and addressing any posting errors.

The Finance Partner team are responsible for assisting schools with their monthly budget monitoring using the IMP software. Regular budget monitoring by budget holders is a key tool for identifying erroneous transactions. Budget holders should query any unusual, or unexpected entries with their Finance Partner when they review their monthly reports.

Reconciliations

The finance team with support from the CFO are 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;
- bank account
- VAT control account
- Trust credit cards
- accruals & prepayments

The Trust central finance team will prepare the bank reconciliations with support as required. All monthly reconciliations are authorised and signed by the Chief Financial Officer to evidence this.

A review of an aged debtors and creditors listing is carried out monthly by the Accounts team to ensure that aged issues are frequently revisited and addressed. Aged debts are chased regularly. Where a debt is considered irrecoverable any proposed write offs must be authorised by the CEO in line with the ESFA handbook

Monthly accruals prepared by the Accounts team will include material expenditure items such as; un-invoiced expenditure on utilities, outsourced services (e.g. Cleaning, caretaking, catering, IT support), and agency staff costs. Commitment reports in ACCESS and nominal activity from the new accounting period will also be reviewed monthly to identify un-invoiced expenditure for items >£6000 per annum. Pupil Premium income will be accrued at year-end, and the UIFSM grant will be deferred on receipt and will be released in one payment rather than monthly.

Prepayments prepared by the Accounts team will include expenditure incurred in advance with a value > £1,200 identified by a review of the nominal activity. Prepayments will normally be prepared on an annual basis rather than released monthly (i.e. a prepayment will only be posted for the cost which relates to the next financial year).

Year-end accruals & prepayments will include those items detailed above plus any other items deemed material to the accounts, taking into consideration the size of each individual school.

Back-up Procedures

It is the contractual responsibility of ACCESS to maintain adequate back-up and disaster recovery procedures for the system

4 Financial Planning

Overview of process

The Trust Finance team coordinate all school & central Trust budget planning for the Trust each year. This process includes the preparation of templates, timetables & planning parameters for all individual schools to follow.

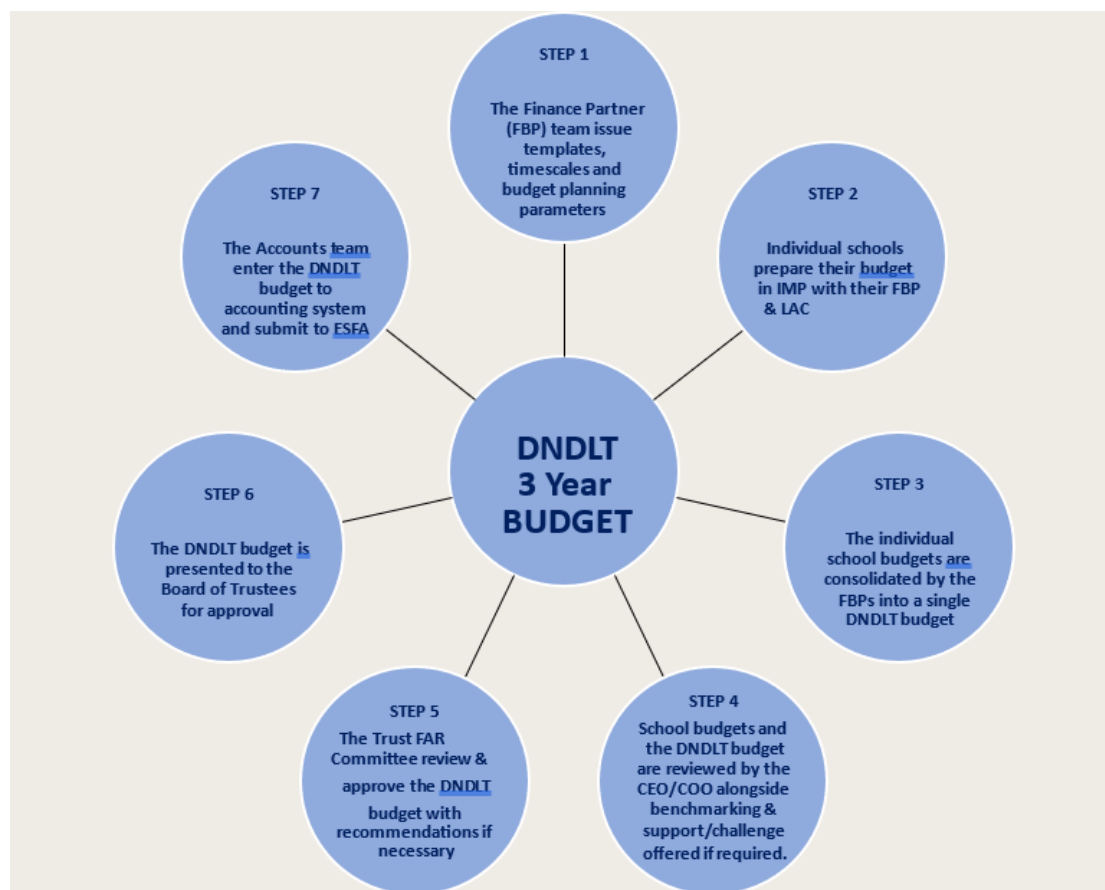
The budget is set & monitored in IMP a cloud-based budgeting software. IMP is maintained by the Finance Partner Team who manage user access and control available nominal and cost centre codes.

Each school in the Trust is responsible for preparing and proposing a 3-year budget for consideration by the Trust Board for approval. This must be in line with Trust guidance, templates, and timeframes.

Once the individual school budgets are finalised in IMP, the Finance Partner Team will consolidate them into one report for the Trust Board's approval.

The Trust team should ensure this process is undertaken in advance of the next Academic year and in timeframes that allow the Accounts team to prepare and submit the ESFA's Budget forecast return.

This budgetary process is described in summary on the following page.



Developing and Approving the Budget

The budget process follows an annual planning cycle. A timetable for budget setting will be established by the CFO in advance of each year's process. It will ensure that each individual school has sufficient time to prepare their budget, allowing for the consolidated Trust budget to be approved and submitted to the ESFA.

The Finance team will prepare both an annual budget and medium-term financial plan for the Trust overall and will work with individual schools in preparing their own annual budgets. These plans are prepared to inform the Trust's strategic development planning processes for the next 3 years. The Trust's strategic plan identifies the development plan priorities over the medium term and the expected level of resources available to meet these and any other cost pressures.

Individual school budget considerations should also be informed by benchmarking information prepared by the Trust's finance team (using comparative data within the Trust schools, but also benchmarking nationally).

Annual budgets should reflect the priorities in each school's School Development Plan (SDP). SDPs should, where possible, include cost estimates, both capital and revenue, associated with the achievement of each objective. Each school's SDP informs their short-term and medium-term financial plan, but must itself be informed by the resources available to the school. The exercise of financial planning can therefore be considered an iterative one. The Finance Partner Team must be fully involved in the development of such plans.

The 3 Year Budget will reflect the best estimate of the resources available to each school in the Trust for the forthcoming years and will detail how those resources are to be utilised. The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of students to estimate the amount of DfE grant receivable;
- Review of other income sources available to the Trust to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the Trust cost base;
- Identification of potential efficiency savings and
- Review of the main expenditure headings in light of any expected variations in cost
e.g. pay increases, inflation and other anticipated changes.

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. The schools in the Trust may need to use their brought forward reserves to balance their budgets but this should be done alongside a plan to return the school to a surplus position in the coming year or years.

Each individual school is expected to operate in accordance with the Trust's Reserves Policy which sets out the appropriate level of free reserves. It is incumbent upon each Local Area Committee to prepare and propose an annual budget that does not show an underlying deficit position i.e. An in-year deficit is only acceptable if it can be supported by the drawdown of useable reserves (within the parameters of the Reserves policy). Repeated in-year deficit budgets are not sustainable therefore should an individual school propose an annual deficit budget they will be expected to provide a detailed explanation alongside the proposed budget and be expected to cooperate with any additional support and/or challenge the CEO/COO feels necessary. Should the financial position of any individual school appear unsustainable at any point (in the opinion of the Trust Board) it may be necessary to withdraw budget delegation to

that individual school for a period of time and for the Trust team to manage the school's budget until financial sustainability is restored

In contrast to budget deficits it is not considered appropriate for an individual school to build up excessive reserves unless there is a specific project at that school that requires savings over a number of years. The Trust's Reserves Policy details these arrangements.

Once the budgets have been reviewed by the individual Local Area Committees they should be presented to the CFO in the prescribed format and timescale. The CFO may ask questions for clarification or require supplementary information from the individual schools. The Trust finance team then consolidate each school's budget plan within a single paper for the CEO/COO and Trust Board to consider.

The Trust Board must approve a balanced budget for the overall Trust (after taking into account unspent funds from previous years) for the forthcoming financial year and must minute this approval. If this is not possible, after all reasonable options have been exhausted, the Board must inform the ESFA within 14 days if it is formally proposing to set a deficit budget.

If there is any doubt that a balanced budget cannot be maintained/set, the CEO/COO must discuss and make immediate and appropriate plans to ensure this can be achieved. Consideration of the action plan is to be given by the Trust Board for discussion and eventual ratification.

Communicating the Budget

Once approved the Trust finance team should communicate the budget to all relevant staff and budget holders so that everyone is aware of overall constraints and their particular responsibilities. The final budgets are then imported into ACCESS for the new financial year.

Monitoring and Review

The CFO and Trust finance team will have overview of the budget monitoring process. They will:

Coordinate the timely preparation of monthly budget management reports (including variance analysis) and consolidate for the CEO/COO and Trust Chair

Coordinate and submit the ESFA's Budget forecast returns

The Accounts team prepare and input accruals, prepayments and capitalised items for asset register for all schools and the Trust.

The Accounts team review the monthly nominal activity for each school to identify & rectify any mis postings. Once complete, the actuals are exported from ACCESS into IMP for review by school budget holders with the support of their Finance Partners.

Headteachers (with the support of their Finance Partner) should ensure monthly monitoring of their budget including regular reporting to their Local Area Committee with variance analysis (in line with the Trust's finance team guidance). This is done through IMP reports listed below

- Detailed (current year forecast)
- Multiyear forecast
- Staffing report
- Salary reconciliation

The consolidated monthly Management Accounts pack are shared with the CEO/COO and the Chair of Trustees every month and includes the following reports:

- Income and expenditure, actual against budget, for the year-to-date, in aggregate and by nominal code, prepared on an accruals basis;
- A projection of the anticipated end-of-year position
- A brief explanation of any significant variations from budget or changes in KPIs;
- An update on significant capital projects in progress;
- Profit and Loss and balance sheet reports for the year to date
- A statement on cashflow

The Finance, Audit & Risk Committee must consider the Trust's most recent financial monitoring reports when it meets. The Trust Board must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

5 Payroll

Staff Appointments

Staff appointments are made in line with the Scheme of Delegation.

Payroll Administration

The Trust payroll processing is administered through contractual arrangements with an external payroll provider:-

- The payroll provider will determine monthly payroll timetables for key processing dates.
- New staff appointments and terminations must be notified to the payroll provider by completion of the appropriate form and authorised

by the Head Teacher in each academy. The central finance team must also be informed of new staff/variations to staffing for budget monitoring purposes.

- Each academy is responsible for notifying the payroll provider of sickness and other absences during the month. These are authorised by the Head Teacher before they are passed to the provider for processing.
- Payroll providers will provide a detailed report of monthly salary payments to each individual academy and each School Business Manager will complete a check for overall reasonableness, together with a check on starters/leavers and a random spot-check prior to being authorised by the Academy Head Teacher.
- The authorisation of the payroll is then notified to Xentrall by each academy

Mileage Claims

Staff claims for mileage are authorised by each Academy Head Teacher and should be submitted using the Trust expenses claim form. Head teacher claims are subject to the approval of the Chair of the Academy Council and claims by the Chief Executive Officer are approved by the Chair of the Board. It is the responsibility of each academy to ensure that claimants have the necessary insurance and vehicle MOT before undertaking business miles.

Payment of salaries

All net salary payments together with statutory and non-statutory payroll deductions are made by BACS and are the responsibility of the payroll provider as per the contract arrangements, subject to approval of the academy.

After the payroll has been processed the nominal ledger will be updated by the Trust finance team. Postings will be made both to the payroll control account and to appropriate cost centres. The Trust finance staff should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. The Trust finance team will prepare the payroll control account and the MA/CFO will review this.

Staff severance payments

Non-contractual payments at the end of employment would only be paid if the Trust had concluded that the payment represented best value for money compared to other options. The business case for such payments would be fully documented in line with ATH and the guidance issued by the ESFA.

The Accounting Officer in conjunction with the Chief Financial Officer and the Chair of Board may approve non contractual payments up to £50,000. All payments will be supported by a full business case and appropriate HR/legal input.

Non-contractual payments over £50,000 require approval in advance from HM Treasury.

6 Competitive Purchasing Requirements and Limits

The Trust wants to achieve the best value for money from all our purchases. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust;
- **Accountability:** the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness:** that all those dealt with by the Trust are dealt with on a fair and equitable basis.
- **Value:** each school must be able to demonstrate it how it has considered and secured best value in its purchasing decisions.

Where a specialist service e.g. architect / project manager, is appointed to act as an agent on behalf of the Trust, the Trust may delegate the procurement process (including invitation to tender, receipt of documents and evaluation of tenders) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency. For contracts over £50,000 the final decision will be made by the Board (or if relevant any authorised Committee delegated to carry out this task); the agent will prepare a report containing recommendation for appointment, including the scoring process and details of all other submissions.

To ensure appropriate independence, segregation of duties and public probity it is important that declarations of interests and actual or perceived connections with existing and/or potential suppliers are considered and documented regularly and particularly at the start of any commercial tender process

Authorisation Limits- approval of purchasing.

The value of purchases is calculated as the value, excluding VAT, for the full duration of the contract including any extensions or options

Academy Expenditure

Value	Less than £10,000	£10,000 - £15,000	£15,000 - £50,000	Over £50,000
	Central Team Procurement Specialist to be consulted for support			
Delegated Responsibility	School Business Managers/Office Managers up to £5000. Headteacher up to £10,000	Subject to prior approval by the CFO	Subject to prior approval by the CEO	Subject to prior approval by Directors
Purchasing Method/Route	Fixed prices should be obtained before orders are placed and Value For Money (VFM) must be demonstrated. For orders in excess of £5,000, a minimum of 3 written quotes are required, or the utilisation of a framework. All documentation to be uploaded to ACCESS as part of the PO process.	Specification of requirements to be defined, including cost & quality. A minimum of 3 written quotes are required, or the utilisation of a framework. All documentation to be uploaded to ACCESS as part of the PO process.	A minimum of 3 written quotes, or the utilisation of a framework. A specification of requirements and evaluation criteria will be drawn up in advance. All potential contractors invited to submit quotations shall be provided in all instances with identical information and instructions. If competitive quotes are not able to be sought, a report will be taken to the Board documenting the reasons why and how value for money has been assured.	All goods/services ordered with a value over £50,000 or for a series of contracts which in total exceed £50,000 must utilise a framework agreement or be subject to formal tendering procedures, detailed below and will be managed by the CFO. However, schools will be encouraged to consider the Deals for Schools available on the DfE website or DfE approved framework agreements with support from the Central MAT team.

Central MAT Expenditure

The CEO/COO/CFO up to £50,000, and above £50,000 subject to prior approval of Directors

Schools should not break down purchases into smaller bundles in order for purchases to fall under the thresholds where the work is clearly part of a larger scheme or service.

The Trust's central team is responsible for advising all schools on procurement. This may include identifying opportunities for securing better VFM and advising individual schools of these opportunities. This may be simply advisory, but in some circumstances may identify preferred suppliers for all schools in the Trust to use where this provides better value overall

The Trust recognise that many of the products and / or services used at an individual school level will be the same. To ensure financial and public contract compliance the Trust will consider aggregated purchasing requirements and ensure compliance with statutory and published thresholds.

For purchases less than £5,000 VFM is best evidenced using three quotations, or a recognised procurement framework agreements such as Crown Commercial Service for education, NEPO, YPO, Crescent Purchasing Consortium or Churchmarketplace. This also includes any procurement route promoted by the DfE/ESFA e.g.

www.gov.uk/guidance/buying-for-schools/deals-for-schools

Budget holders do not need to accept the lowest quote. Budget holders should consider wider issues that would affect the overall VFM of the quote:

- Does a lower price mean a reduced service or lower quality product?
- are there are any hidden or extra costs?
- Is there scope for negotiation?
- How experienced, or qualified is the contractor?
- Details of previous sales and references from past customers.
- Pre-sales demonstrations & after sales service
- Financial status of supplier. (Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.)

Quotes of £5,000 and above **must** be uploaded to ACCESS as part of the PO process.

If three quotations cannot be obtained, e.g. a sole supplier, or the urgency of the work required, the rationale must be sent to the CFO for approval.

For items over £50,000 where a tender process is required guidance must be taken from the DfE www.gov.uk/guidance/buying-for-schools. Such a process will normally be led by the CEO/CFO. The evaluation process should involve at least two people with no conflicts of interest in the tender. The accepted tender should be the one which offers best value for the Trust. Records of the bids and decision-making process must be kept by the school, and uploaded to ACCESS.

Exemption from Tendering Requirements

(applies to purchases under EU threshold only)

These procedures do not apply to the following types of expenditure:

- Payroll transactions
- School trips and other purchases where the Trust is acting as an agent processing funds received on the behalf of others.
- Risk Protection Arrangement
- Any Diocesan levy or contribution to Diocesan costs
- Use of existing purchasing frameworks

The Trust will follow the rules and thresholds in the public contracts regulations 2015 and the Find a Tender Service

(<https://www.gov.uk/guidance/public-sector-procurement>) .

Public Contract Regulations (PCR) Thresholds

Supplies and Services	£213,477
Lighter Touch Services	£633,540
Works	£5,336,937

Procurement above PCR Thresholds must be carried out in accordance with the **Public Contract Regulations 2015** and must where required be published on the Find a Tender Service.

Existing EU compliant framework agreements will be explored and used where appropriate

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Directors before the procurement commences and progress will be monitored and reported to Directors throughout the process. This process is likely to draw on external procurement, technical and legal advice

References

<https://www.gov.uk/government/publications/procurement-policy-note-0820-introduction-of-find-a-tender>

<http://www.legislation.gov.uk/ukxi/2015/102/contents/made>

Tendering Procedures (Tenders over £50,000 up to Public Contracts Regulations thresholds)

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The Trust must seek tenders on the most appropriate basis.

Staff will refer to and follow the additional DfE guidance
<https://www.gov.uk/guidance/buying-for-schools>

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.
- **Restricted Tender:** The Trust will normally invite at least four bidders. This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply The Trust's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - extending the scope of an existing contract,
 - Where market exploration has shown that only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.
 - where the Diocesan Trustees (owners of the property) impose restrictions on whom they will permit to undertake capital projects for example, architects and construction advisors.

Where a negotiated tender is agreed a non-competitive purchase approval form will be completed and approved by the Trust board setting out the reasons for this.

Framework Agreements

A framework agreement is: “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.” In other words, a framework agreement is a general phrase for agreements with providers that set out terms and conditions under which agreements for specific purchases (known as call-off contracts) can be made throughout the term of the agreement. In most cases a framework agreement will not itself commit either party to purchase or supply, but the procurement to establish a framework agreement is subject to the PCR procurement rules.

Each framework agreement is likely to have:

- Details of the products and services available.
- An agreed pricing structure.
- Details of the suppliers.
- Instructions on how to buy.
- An agreed set of terms and conditions.

When using a framework agreement, the trust has two options:

1. Select a supplier direct from a framework agreement
2. Run a 'mini-competition' – where suppliers are asked to send a bid and the best one is chosen

The framework agreement will state whether the trust can select a preferred supplier itself or if a mini-competition must be run. If the trust can select a supplier itself, the framework agreement will set out the rules for doing so which the trust will follow.

Preparation for Tender

Full consideration should be given to:

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

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision. A tender specification will be prepared and approved by the Board or in the case of urgency the Chair of the Board of Directors in advance of the invitation to tender.

Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- selection criteria

- implementation of the project;
- terms and conditions of tender and
- form of response.

In contracts where the financial standing of the supplier is critical the financial status of all candidate contractors will be assessed through a company credit check.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by The Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted, unless the Accounting Officer and Chair of Board are satisfied that the tender was posted or dispatched on time but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened. If the invitation to tender specifies that Tenders can be submitted by email these will be acknowledged but will not be opened until the after the submission date and in line with the Tender Opening Procedures below.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders should be opened in the presence of a Director and the Accounting Officer (or other designated officer) unless the tendering procedure has been delegated to a specialist agent.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation for contracts over £50,000 and a report should be prepared for the Board highlighting the relevant issues and recommending a decision for approval. In the cases of urgency approval may be given by the Chair of the Board of Directors.

The accepted tender should be the one that is economically most advantageous to The Trust. All parties should then be informed of the decision.

Contract terms and conditions

All contracts over £50,000 should be subject to a formal written contract, unless it is determined that the terms of an official order will sufficiently protect the Trust. Legal advice will be sought as necessary. The contract will be signed by the the Accounting Officer.

Contract Monitoring

All contracts which have a high value or which are key services will be subject to regular review and monitoring with the contractor.

Purchasing procedures

All purchases should be ordered using the procedures outlined in this handbook.

Budget holders must not raise orders directly themselves with a supplier, or pay for items using their own personal funds.

The Trust's preferred approach to ordering is to use the purchase order system although the Trust recognises that there are genuine areas of expenditure where it is not possible to raise an order in advance. In limited circumstances schools can purchase items on their school credit card.

Purchase Order Invoice	Non-Purchase Order Invoice	Credit Card
Curriculum Supplies,Planned Repairs & Maintenance, Licenses/Subscriptions, Staff Absence Insurance, Training Courses, School Trips, Amazon	Utilities, Telephone & Mobile, SLAS's identified from contracts register, Agency Staff, Photocopier,Leases, Emergency Repairs (no quote received), School Meals, DBS, Occ Health	Only to be used if no alternative method of payment is available.

* These examples are non-exhaustive

Schools should use a purchase order requisition form. This should be completed in full and signed by the budget holder. The form is then passed to the member of school staff who has responsibility for entering the order into ACCESS. This may be sent by email if necessary. The signed requisition form (or email) must be retained by the school as part of the audit trail. When the requisition is entered into the purchasing portal it generates an approval request to the member of staff designated to

approve the order. Once the order is approved the school can then send the order out to their supplier.

Schools are responsible for ensuring the supplier understands where goods are to be delivered.

When goods or services are delivered/supplied to the respective school's satisfaction it is the school's responsibility to ensure they enter a goods receipt note (GRN) in ACCESS (this may be in part if the order has only been delivered in part). Supplier invoices **cannot** be paid if a goods receipt is not present on the system.

Invoices should be sent by suppliers, ideally by email, to the Trust Accounts team at accountspayable@durhamdmat.co.uk The Accounts team check the invoice against the receipted orders in ACCESS. If the invoice matches against a GRN order the invoice will be posted and will be added to the next BACS run in accordance with its due date.

If the invoice does not match to a GRN it will be held until a GRN is entered.

Alternatively, if the invoice is a genuine non-purchase order invoice, it will be sent to the schools delegated approver, (dependant on approval thresholds). Following receipt of approval it will be entered into ACCESS for payment and will be added to the next BACS run in accordance with its due date. Authorisations for non-order invoices will not be sought for the following transactions: Utilities, In-House Catering Food orders, Photocopying costs, Telephone costs, Existing leases, and SLA's recorded on the Contracts Register (or where pre-authorisation has already been granted). These invoices will be uploaded to ACCESS for payment and schools notified to check for any anomalies. It is the schools responsibility to contact the central finance team with any discrepancies within the agreed payment window which is supplier specific.

It is expected that Schools enter a GRN, return approved invoices, or provide a reason for non-approval within 5 working days.

The Accounts team will monitor the status of the following in the accounting system and will share regular reports with schools that show:

- Unreceipted orders
- Non-approved invoices
- Unreceipted and un-invoiced orders

Supplier enquiries should be answered by the specific school in question with assistance from the Trust Accounts team if necessary. Each school must inform the Trust Accounts team if a query cannot be resolved to the supplier's satisfaction.

Payment of invoices is made by BACS. A supplier BACS run is done twice a week. The Trust Accounts team will generate the supplier BACS run from the accounting system. The suppliers to be paid are determined by the date that the invoice payment is due.

The Trust's standard payment terms are 30 days from date of invoice although some suppliers (e.g. catering, sole traders, supply agencies, utilities) may have shorter terms agreed.

The draft BACS run is prepared by the Finance Officer then reviewed by a further officer in the Trust Accounts team, checking authorisations, values, bank details etc. The BACS file is then imported into the bank for payment approval.

BACS is the preferred payment method of the Trust.

Supplier Database

Supplier details are maintained in the purchase ledger section of ACCESS . The ability to add, amend, or delete supplier details is restricted to Master users only.

When a new supplier is required the originating school is responsible for completing a new supplier form and requesting bank details on letterhead.

Before the supplier is set up in ACCESS, the Accounts team review the new supplier form and complete verification checks which will include checking Companies House, the supplier's website and/or contacting the originating school to verify that the request is genuine.

Changes to existing suppliers will be verified by contacting the supplier using known contact details to mitigate against fraudulent activity.

7 Income

The main sources of income for the Trust are:

- Grants from the DfE/LA for general and specific purposes;
- Grants from other Government Agencies or other organisations for specific purposes and programmes;
- University partnership income: ITT (School Direct) etc
- School Meals
- Bank interest
- Off-site trip income
- Wrap around care income

- Contributions for services we provide in support of other schools
- Lettings income

Grant Income

The main DfE/ESFA grant is the GAG. This is notified in March/April each year (for the academic year ahead). Some grants are provided on a financial year basis of April to March and therefore estimates may be required when budgeting.

The receipt of these sums and all other income streams paid directly into the Trust's main bank account is monitored by the Trust Accounts team and posted to the appropriate school. Individual schools are expected to monitor this using budget monitoring reports and raise any query with the central finance team promptly.

School Meals

Schools in the Trust have differing contractual arrangements in place for the delivery of school meals. Some schools deliver this directly themselves and incur associated costs and income. Meals income is collected via ParentPay.

Non-Grant income

The Trust Accounts Team raise all Sales invoices for the Trust. If a school needs a sales invoice to be raised they must contact the Trust Accounts team. When generating such invoices sufficient paperwork must be retained in order to evidence the income expectation.

A school may let premises to other organisations, subject to such lettings not clashing with needs or objectives of the Trust. Lettings must be approved by the Headteacher and be administered in line with the Trust's Charging and Remissions Policy which itself will be in accordance with the DfE document "Charging for school activities".

The school must be mindful of the need to collect all income efficiently and securely and therefore should seek to receive income via the following methods (in order of preference):

- Direct BACS remittance
- Electronic Payment via cashless systems (these must be linked to a Trust bank account)
- Cash in exceptional circumstances.

Income received through ParentPay must be managed by the individual school. e.g. Trip payments must be monitored and

pursued by the individual schools. The Trust finance team must be provided with information on this income upon request.

Schools within the Trust can generate income from student donations towards curriculum materials or charitable collections. HTs should ensure there are appropriate arrangements in place for the receipt and safe handling of this income.

We are a cashless Trust, however under exceptional circumstances cash may be accepted and therefore should be handled in line with guidance in the next section.

Custody and Banking- General

All remittance advice notes received within the Trust should be promptly sent to the Trust Accounts team to assist them in their reconciliations.

Cash and cheques received by any school in the Trust should be counted, checked and recorded on a banking sheet by 2 members of staff in the school. The details should include:

- the amount of the deposit and
- a reference, such as the name of the debtor.

All schools in the Trust have access to a lockable safe/strong room where cash and cheques must be kept prior to being banked.

Monies collected must be banked in their entirety.

Cheques and cash should ideally be uplifted off site by a cash courier. In some cases cash may be taken to a local bank. Particulars of each deposit should be recorded on an income sheet including the bank pay in slip number, signed by a member of the school. A copy of this alongside any supporting paperwork e.g. sales invoice (where applicable), should be sent to the finance team to assist with bank reconciliation.

Cash and cheques may be collected from each school by a cash courier. Any small sums collected by a school that require banking may be in certain cases brought to a nearby Trust school for banking.

Where a cash collection service is used, two days after the cash uplift Lloyds Bank email a spreadsheet of the onsite cash collection to the Trust finance team. Any discrepancies must be investigated immediately.

8 Cash Management

Bank Accounts

The opening of all accounts must be authorised by the Board of Directors

who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

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

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

Cheques from Trust bank accounts must bear the signatures of two of the following authorised signatories:

Signatories

Chief Executive Officer
Chief Financial Officer
Chief Operating Officer

Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure

Urgent Payments

If an urgent payment is required this should be notified to the CFO or central finance team marked as urgent with an explanation as to why (for example an overdue invoice or urgent payment to staff member in the event of a payroll mistake).

In this situation the payment will be made as soon as possible via the BACs system using the usual process and will be authorised in line with the processes set out at 8.3 above.

Bank Reconciliation

The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to Access Finance system
- adjustments arising are dealt with promptly

Each reconciliation will be completed by the Finance Assisant and authorised by the Chief Financial Officer.

Petty Cash Accounts

Petty Cash accounts are not in use.

Purchasing Cards.

The following cards have been approved:-

- School Business Manager/ school office manager (or where there is no School Business Manager the senior administrator) of the school
- Credit limit £1000 per month/£500 per single transaction (except where expressly agreed in writing by the CEO or CFO that this can be increased for a particular school due to exceptional circumstances)

The Trust uses credit cards as an efficient method of procuring travel, accommodation and sundry items. Each academy must establish procedures to deal with purchasing cards. These procedures must ensure that;

- Credit cards must only be used for business (not personal) expenditure
- Cards are stored safely
- Cards are only used for academy business
- Supporting documentation is held for all transactions, including authorisation requisition.
- Each statement is reconciled and then authorised independently of the cardholder.
- Records of the reconciliation and approval are maintained and balances cleared before interest accrues.

Cash Flow Forecasts

The Chief Financial Officer with support from the financial team is responsible for preparing regular cash flow forecasts to ensure that The Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile income and expenditure to cover potential cash shortages.

Investments and Cash Deposits

Investments and deposits must be made only in accordance with any written procedures approved by the Board of Directors. (Treasury Management Policy)

Write Offs

Debts will not be written off without express approval from the CFO. The Trust will also obtain prior approval from the ESFA where it wishes to write off debts and losses, enter into guarantees or letters of comfort, and/or indemnities which are not in the normal course of business, where the following delegated limits apply:

- 1 percent of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 5 percent of total annual income in any financial year per category

The CFO will keep accurate records of the debt process, including:

- Logging invoices and receipts on the trust's accounting system.
- Keeping any emails pertaining to debt collection for [\[three months\]](#) after the payment has been made.
- Keeping emails of payment notifications, ensuring each email clearly states the number of the reminder and the date it was sent.

Novel and contentious transactions

Novel, contentious and/or repercussive transactions must always be referred to ESFA for approval, and the request must be made to ESFA before the transaction occurs:-

- Novel transactions are those of which the Trust has no experience, or are outside its range of normal business
- Contentious transactions are those that might cause criticism of the Trust by Parliament, the public or the media
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Alcohol

The Trust's funds will not be used to purchase alcohol for consumption.

9 Fixed assets

This section should be read in conjunction with the Assets & Disposal Policy, as adopted by the Board of Directors, which includes more detailed definitions and procedures.

All items purchased with a value over the Trust's capitalisation limit of £2,000 must be entered in a fixed asset register. The fixed asset register is maintained by the Trust finance team.

Asset register

The Assets Register details all capitalised purchases and helps:

- ensure that staff take responsibility for the safe custody of assets;
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - to manage the effective utilisation of assets and to plan for their replacement;
 - the external auditors to draw conclusions on the annual accounts and The Trust's financial system and
 - to support insurance claims in the event of fire, theft, vandalism or other disasters.
- The asset register should include the following information:
 - Asset description
 - Date of acquisition
 - Asset cost
 - Expected useful economic life
 - Depreciation
 - Current book value

Inventory of Assets

In addition, each Head Teacher will nominate an employee who will be responsible for maintaining a record of all non-capitalised, attractive, portable assets with a value of over £100. This will be maintained in school using the Every Asset Software package with security controls operated in order to safeguard the Trust's property.

Security of assets

All fixed assets recorded in the register are permanently marked as “Property of Durham and Newcastle Diocesan Learning Trust” (or former company name “Durham Diocesan MAT”) or the predecessor school, as far as this is practical and assets are recorded in the Every asset management software.

The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by the Trust should be recorded as such. Physical counts against the register are undertaken annually. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board in line with the Scheme of Delegation. Stores and equipment are secured by means of physical and other security devices.

Disposals

All requests for disposal above limits set out in the Assets and Disposal Policy must be submitted to the Chief Financial Officer for review and then approved by the Board. The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are detailed in the Assets and Disposal Policy.

Disposal Limits

Disposal of land and buildings must be agreed in advance with the Secretary of State.

Loan of Assets

Items of Trust property must not be removed from the school premises without the authority of the Head Teacher .

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a ‘benefit-in-kind’ for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with The Trust’s auditors.

Borrowing

The Trust will seek ESFA prior approval for any borrowing (including any finance lease) where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies.

Capital Projects

Planning and oversight of capital projects will be carried out by the CFO and /or the CEO in discussion with the relevant school business manager and in line with the budget setting and monitoring procedure, scheme of delegation and relevant DfE frameworks and guidance.

Leasing

Any lease agreements must be managed and reviewed by the CFO and/ or the CEO in discussion with the relevant school business manager. The Board will seek express ESFA prior approval for any of the following leases:-

- taking up a finance lease on any class of asset for any duration from another party
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party