



**The Aspire Educational Trust  
Financial Regulations Manual**

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CFOO  
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## **1. INTRODUCTION**

The purpose of this manual is to ensure that The Aspire Educational Trust maintains and develops systems of financial control which conform to the requirements Board of Trustees 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 Aspire Educational Trust complies with the principles of financial control outlined in the academies guidance published by the DfE and within the Academies Financial Handbook. This manual expands on that and provides detailed information on The Aspire Educational Trust's accounting systems and procedures and should be read by all staff involved with financial systems, Members and Trustees.

## **2. ORGANISATION**

The Aspire Educational Trust is a company limited by guarantee and subject to charity regulations and registered with Companies House – company number 08689696. Its constitution is set out in the Articles of Association, which have been agreed with the Secretary of State. The Aspire Educational Trust is a multi-academy trust. This means that a number of academies sit within the Trust with the Trusts' Board of Trustees overseeing the strategic operation of each academy.

The Trust has two layers of governance: the Members of the Trust, who operate at a strategic level (Members have an overview of the governance arrangements of the trust and have the power to appoint and remove Trustees) and the Trustees who are the people responsible under the Articles of Association for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the trust's charitable outcomes for the benefit of the public. The Trustees are charitable trustees and, therefore, have to comply with obligations under charitable and company law.

**Members**

- include the Chair of Trustees.
- hold Trustees to account.
- receive reports from Trustees.
- attend AGMs.
- right to amend articles of association.

Diana Morrison (Chair of Members)  
Greg van Enk-Bones (Vice Chair of Members)  
Richard Ashmore  
Sue Bowen (Chair of Trustees)  
Jane Tomlinson

**Trustees**

- include one member and the CEO/Executive Principal.
- sets strategic direction for the MAT.
- accountable to Secretary of State.
- receives reports from paid Trust staff.

Sue Bowen (Chair of Trustees)  
Ken Newton (Vice Chair of Trustees)  
Michelle Coppenhall  
Christopher Dean  
Kate Egdell  
Katie Harrop  
Martin Elliott  
Kevin Simpson (CEO/Executive Principal)

**Invited paid Trust staff (not Trustees):**  
Chief Finance & Operations Officer  
HR Manager, MATBOM, Director of Literacy, Director of Research, Director of Numeracy/ITE, Directors of Education, Director of Teaching School

**Local Academy Committees**

- scheme of delegation exists for each Committee.
- committees of the Trust.
- delegated power to make decisions on behalf of, and without referral to, the Board in accordance with the Trust's scheme of delegation.
- each LAC to include 2 parent governors.





### **The Aspire Educational Trust**

The Academy Trust was formed by the individual subscribers (those who signed) to the Memorandum of the company when it was first created in September 2013. Members are detailed in the table above.

The liability of the Members of the Academy Trust is limited, as with any company limited by guarantee, by the amount of the guarantee undertaken by the member (this is set at £10 in the Articles of Association). The functions of the members of the Academy Trust include:

- Overseeing the achievement of the objectives of the company
- Taking part in annual and extraordinary general meetings
- Appointing some of the Trustees
- Managing the Chief Executive Officer
- Signing off the Company's annual accounts and annual report
- Having power to amend the Articles of the company and, ultimately to remove the Trustees.

One Member is also a Trustee (Chair of Trustees) and therefore involved in the management of the company.

### **The Executive Board of Trustees**

The Trustees fulfil the role of Board of Trustees company law trustees and charity trustees. The board is responsible to the members, has overall responsibility for each academy in the Trust and manages the academies on behalf of the Academy Trust. The Trust's ethos is that the context for each academy is different and that each academy has to develop its own strategic vision and its own plans for school improvement and student achievement.

Therefore, some decision making is delegated to school level, within the shared vision, values and principles of all Members of the Trust. However, if for any reason an academy is not meeting expectations, the Trust provides additional support and challenge and seeks to make changes to ensure high quality learning and outcomes for pupils.

The current Schools/Academies within the Trust are detailed in the table above. All Trustees should be familiar with the Governance Handbook which details the features of effective governance. The Board of Trustees are detailed in the table above. Its key responsibilities are:

- Ensure the quality of educational provision
- Challenge and monitor the performance of each academy
- Manage the Academy Trust's finances and property

- Exercise reasonable skill and care in carrying out its duties
- Ensure the Academy Trust complies with charity and company law
- Operate the Academy Trust in accordance with the Funding Agreement that has been signed with the Secretary of State

### **Local Academy Committees (LAC)**

As the Aspire Educational Trust is a multi-academy trust with one board of trustees, under its Articles of Association it has appointed local academy committees for each academy under the Trust.

Each LAC is a committee of the Board and will use the powers delegated to it and the guiding values and principles to work with and support their Principal and senior leadership team in developing the vision and strategic planning required ensuring outstanding learning, achievement and personal development for their pupils and staff.

The exception to this would be where a school has failed an Ofsted inspection, or where standards were failing. In such circumstances the Trustees would want to support the LAC to ensure improvement and empower the academy to sustain it.

This governance model enables flexibility and choice as to who should be members, trustees and local academy committee members and enables the Academy Trust to constitute Local Academy Committees to meet the needs of each individual academy that reflect the size of the school.

## **3. ROLES AND RESPONSIBILITIES**

The Board recognises the importance of trustees, local academy committee members, the Chief Executive Officer and staff being clear about their respective roles and responsibilities with regard to the financial management of the Trust. The responsibilities of each person involved in the administration of academy finances have been defined to avoid the duplication or omission of functions and to provide a framework of accountability. The financial reporting structure is illustrated below:

### **The Members will**

- appoint the trust's auditor
- receive the Trust's audited annual accounts

### **The Board of Trustees or a delegated committee of the Trustees will:-**

- Conduct the affairs of the Trust so as to remain solvent

- Ensure good financial management practices prevail, including responsibility for the care and maintenance of the school premises and approval of budget priorities (in order to ensure value for money and to monitor expenditure)
- Implement and monitor sound internal financial controls
- Monitor arrangements over control of income and expenditure and use of its resources in accordance with delegated budgets
- Monitor through audit, the quality of accounting procedures
- Review expenditure to see that funding from the ESFA and other sources is used only in accordance with the attached conditions in conjunction with the Principal of the academy.
- Issue clear directions to the Principal concerning the Principal's responsibilities for financial affairs and for reporting to the Trustee Resources Committee of the Board.
- Ensure that all grants are used only for the purposes intended
- Ensure that funds from sponsors are received according to the Trust's Funding Agreement and are used only for the purposes intended
- Ratify the annual budget of the MAT
- Provide such information as the DfE/ESFA might reasonably require so that the DfE/ESFA is satisfied that the Board is fulfilling its obligations in relation to financial management of the budget
- Meet at least three times a year, with business conducted only when quorate, and adhere to the rules about the arrangements for and the conduct of each meeting as set out in the School Governance (Procedures) Regulations The Finance & Resource Trustees will meet six times a year.
- Ensure that each Trustee knows they must declare to the Trust any business and/or personal interests they have, which require inclusion in the Register of Business Interests and provide them with the opportunity to do so. Any Trustee who has an interest in a business tendering for a contract shall withdraw from the Board meeting that is considering the contract, in order not to take part in any discussion relating to the tendering process.
- Ensure that each school has in place internal controls and governance procedures, which meet DfE requirements
- Manage risks across the Trust including business continuity plans
- Approve the Academies Financial Management and Governance Self-assessment (FMGS) summary to confirm that effective financial controls are in place, particularly noting any inadequate controls/weaknesses found in the financial controls
- Ensure that no Trustee of the Trust involved in awarding a contract, accepts gifts or hospitality from current or potential suppliers



- Report and make appropriate recommendations; minutes of each meeting will be presented to the next meeting of each Board of Trustees.
- Ensure that annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- Authorise orders over £100,000.
- Appoint or dismiss the Principal of each school and any Trust level employees.
- Review and direct remedial action in respect of Internal Audit Committee reports on the effectiveness of financial procedures and controls via the Trustee Resources Committee
- Arrange for any insurance cover it considers necessary
- Ensure that Trustees and staff maintain strict confidentiality with respect to payroll and other sensitive information presented to them

### **Chairpersons Urgency Powers**

In the event of Urgency Powers being invoked by the Chair, this will be recorded in writing and reported to the next meeting of the Board of Trustees. See 'Terms of Reference' for further detail.

### **Clerk to the Board of Trustees**

To support the Board of Trustees with administration and organisational support

Will be someone who is not a Trustee, Principal or Chief Executive of the Trust  
To offer guidance and appropriate compliance and legal regulatory framework

To offer advice on procedural matters relating to the operation of the Board of Trustees

### **The Chief Executive Officer**

- Has overall executive responsibility for the activity of each individual school, of which financial activity is clearly a part.
- Oversees the policies agreed upon by the Trust Board
- Agrees any changes to the staffing structure of each individual school
- Authorises contracts between £2,000 and £100,000 in conjunction with the Chief Finance and Operations Officer and/or Business Manager
- signs cheques up to £100,000 in conjunction with another authorised signatory

As the Accounting Officer (the person with overall responsibility for the financial management of all schools in the Trust), the Chief Executive Officer ensures that:

- The Board of Trustees is provided with Financial advice

- Proper and adequate financial systems and controls are in place and measures exist to prevent losses or misuse of the trust's property/assets
- The Trust keeps full and accurate accounting records to support the annual accounts
- Statements and returns are prepared and maintained as required by the Trust Board and the DfE/ESFA
- Completed financial returns are signed for submission to the Trust Board and the DfE/ESFA.
- Bank accounts, financial systems and financial records are operated by more than one person

### **The Chief Finance and Operations Officer (CFOO)**

The CFOO works in close collaboration with the Chief Executive Officer and Trustees to provide strategic vision and operational leadership in the operation, maintenance and development of systems, processes and procedures relating to financial and non-financial management. The main responsibilities of the CFOO are:

- the establishment and operation of a suitable accounting system within each academy in the Trust
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- the operation of financial processes across the Trust, ensuring that adequate operational controls are in place and that the principles of internal control are maintained in accordance with the Financial Regulations.
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academies in accordance with arrangements approved by the ESFA/DfE
- ensuring that full, accurate and up to date records and documents are maintained in order to provide financial and statistical information and that the figures have been reconciled to the relevant school's bank account
- ensuring that all records and documents are available for audit
- the preparation of monthly and annual management accounts and that financial returns are provided for the DfE/ESFA on a timely basis
- signing cheques in conjunction with the Chief Executive Officer or other authorised signatory up to £100,000.
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

- ensuring finance and payroll systems are effectively managed;
- the monitoring and maintenance of effective internal controls including that orders and payments are appropriately authorised and records are retained and stored in a secure way
- authorising orders in conjunction with budget holders;
- ensuring that all contracts and agreements conform with the Academies Financial Handbook
- ensuring that appropriate procedures are followed in respect of opening tenders and to manage the tendering of all service contracts
  - monitoring all insurance policies.
- Ensuring the control of systems and the security and privacy of data.

### **The Local Academy Committee**

Each school (academy) has a Local Academy Committee (LAC) that is a sub-committee of the Trust Board, which meets at least once a term, but more frequent meetings can be arranged if necessary.

The main responsibilities of the LAC are detailed in written Terms of Reference, which have been authorised by the Board of Trustees. They will receive the academies' annual budget which is agreed by the Board of Trustees.

### **The Principal of each academy**

The Principal of each academy:-

- Has responsibility for the School's activities of which financial activities are clearly a part
- Is responsible for internal management and discipline
- Puts into practice the policies agreed by the Trust Board and the LAC of the school

As the person with overall responsibility to the Board of Trustees for the financial management of the school, the Principal ensures that:

- The Board is provided with the annual budget
- Proper and adequate financial systems and controls are in place
- Statements and returns are prepared and maintained as required by the Trust Board

On a management level the Principal of the school is responsible for the management of:

- The school's financial position at a strategic and operational level
- Effective systems of internal control
- Authorising orders per the Academy's Scheme of Delegation

- Approving new staff appointments within the authorised establishment except for any senior staff posts which the Board of Trustees should approve
- Other financial issues

### **Academies Bursar/School Business Manager/School Finance or Office Manager**

The Bursar/School Business Manager/School Finance or Office Manager of each individual academy is responsible for:

- Delegated financial responsibility for the premises and other budget under his/her control
- Production of reports on a timely basis
- Reconciliation of bank and supplier accounts
- Authorisation of payments
- Ensuring that invoices vouchers and other records are retained and stored in a secure way
- Notifying the Trust Business Operations Manager of any matters affecting payments to the employees of the academy.
- Ensuring that maximum limits of cash held do not exceed the Academy's insurance cover
- Ensuring the maintenance of a petty cash balance that does not exceed £100 and maintenance of proper and accurate records for the same
- Request virement between and within budget headings up to a value listed in the Academy's Scheme of Delegation. Proper records of virements must be kept.
- Maintaining a record of all income held in the academy and ensuring that this is promptly collected and accurately accounted for and banked intact.
- Ensuring that cheques received are cashed promptly and in accordance with the Trust's Financial Regulations.
- Ensuring that all receipt forms, books, tickets and other such items shall be ordered and issued in a form approved by the authorising officers.
- Ensuring the correct administration and authorisation of lettings and other sales
- Ensuring proper use of official orders and for authorising orders up to a value per the Scheme of Delegation
- Ensuring the receipt, checking, care and safe custody and distribution of stock.
- Ensuring the maintenance of an inventory (asset register) of all items of furniture, equipment, vehicles and plant. The inventory, whether manual or computerised shall be a permanent and continuous record.

- Where appropriate, arranging for the security marking of such items
- Ensuring the control of systems and for the security and privacy of data.

### **Other staff**

Other members of staff will have specific financial responsibilities and these are detailed in the following sections of this manual. All staff members 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 conformity with the requirements of the Aspire Educational Trust's financial procedures.

### **Payroll**

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

### **Staff Appointments**

The Trustee Resources Committee of the Board approves the staffing structure for the individual school/academy. Changes can only be made to this structure with the express approval in the first instance of the Principal who must ensure that adequate budgetary provision exists for any establishment changes.

The Principal has authority to appoint staff within the authorised budget except for Vice Principals whose appointments must follow consultation with and be approved by the CEO. The School Bursar/Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Bursar/Business Manager immediately for action. The Trust payroll provider ensures that all new members of staff are issued with a statement of particulars and pension details. All payroll and related contractual issues will be overseen for the Trust by the MAT Business Operations Manager.

### **Payroll Administration**

The Trust's payroll is administered by an external payroll bureau.

All staff members are paid monthly through the Trust's payroll provider on the 15<sup>th</sup> of each month (or earlier if the 15<sup>th</sup> is a weekend or Bank Holiday).

For new academies joining the Trust, new master files can only be created by the payroll provider with the express approval of the Chief Executive Officer.

Any amendments made by individual academies must be printed out each month prior to the payroll run and must be authorised by the Principal. Any master file amendments made by the Trust Business Operations Manager must be authorised by the Chief Executive Officer.

By the payroll deadlines of each month the Academies Bursar (or equivalent) will prepare and code any pay adjustments for example mileage claims, overtime etc. The adjustments sheet will have been signed by the Principal before being processed. The pay adjustments sheet will be retained for checking against the next pay validation report (around 4<sup>th</sup> each month).

Each academy's Bursar (or equivalent) will complete any sickness/absence data in the payroll system and the academy's MIS and obtain relevant documentary evidence (self cert or Doctor's Fit note) which will then be kept in the relevant personnel file. Any new P45's/tax code information will be copied and the original sent immediately to the payroll bureau with the copy retained in the relevant personnel file.

A pay validation report of all data will be obtained from the payroll provider by the Business Manager/Bursar of each academy and this will be checked against source documentation (expenses, contractual details etc.) by the academies Bursar/Business Manager and then reviewed and initialled by the Principal/Vice Principal as Authority to release payment. The Business Manager/Bursars will advise the payroll bureau within the prescribed time limit of any errors/amendments required.

The MAT Business Operations Manager will spot check pay validation reports for every academy monthly for anomalies, staff changes and 'reasonableness'. This check should be recorded and available for checking by the Chief Finance & Operations Officer &/or Auditors as required.

## **Payments**

All salary payments are made by BACS.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions, pensions, student loans and Union fees. The amounts payable are summarised on the Pay Validation report and BACS payments for these amounts are prepared by the payroll bureau and paid by the due date.

After the payroll has been processed the nominal ledger must be updated by journal. Postings will be made to the payroll control account and to individual

cost centres. The MAT Business Operations Manager will prepare the payroll journals for each academy from the Pay Validation Report. The journals will be processed by the Academy's Bursar (or equivalent) and reconciled to the bank accounts. The Bursar should review the payroll control account each month to ensure the correct amount has been posted from the payroll system and individual cost centres have been correctly updated.

The Trust Business Operations Manager will review the staff in organisation reports to check that the gross pay per the payroll system agrees to the contract of employment held on the personnel files.

### **Local Government Pension Scheme/Teachers Pension Fund**

The payroll bureau will complete the relevant deductions and forms for the Teachers' Pension Fund and the Academy Trust's LGPS. The Chief Finance & Operations Officer checks and completes any information/forms required to be completed at Trust level.

### **Executive pay**

Decisions about executive pay will be made by the Trustees in accordance with the requirements of the Academies Financial Handbook. The Board of Trustees must ensure its decisions about levels of executive pay (including salary and other benefits) follow a robust evidence based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration. The setting of executive pay must be transparent, proportionate and justifiable. All senior members of staff are paid through the PAYE system to ensure that all tax obligations are fully met.

### **Gender Pay Gap**

The Aspire Educational Trust will produce a gender pay gap report for the organisation each year and publish this on both the AET website and the government's reporting website

### **Risk Management**

The Aspire Educational Trust maintains a risk register to effectively manage risk to ensure effective operations. The Trust transfers certain risks to the Trusts insurance providers, including the ESFA RPA scheme

## **4. INTERNAL AUDIT**

An Internal Auditor is appointed by the Trust to provide an independent oversight of the Trust's financial affairs. The Internal Auditor will undertake a termly programme of reviews to ensure that financial transactions have been

properly processed and that controls are operating as laid down by the Board of Trustees. A report of the findings from each visit will be presented to the Trustee Resources Committee.

The main duties of the Internal Auditor are to provide the Board (via the Trustee Resources Committee) with independent assurance that:

- the financial responsibilities of the Board of Trustees are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

### **Register of Interests**

Members, Trustees and LAC members are required to provide details of any governance roles in other educational institutions.

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

To avoid any misunderstanding that might arise all Trust Members, Trustees, LAC members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom any academy in the Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as trusteeships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Aspire Educational Trust or one of the Academies of the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

The existence of a register of business interests does not detract from the duties of Members, Trustees, LAC members and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees the Local Academy Committee or a committee. Such declarations will be minuted. Where an interest has been declared, members, trustees, LAC members and staff should not attend that part of any committee or other meeting.

The Clerk to the Board of Trustees will ensure maintenance of a Register of Business Interests for all Members, Trustees, LAC members and those school staff involved in the shortlisting or awarding of contracts. A Member, Trustee,



LAC member or member of staff who has no business or personal interests to declare should complete a 'nil' declaration for clarity.

### **Conflict of Interests**

The Board of Trustees of The Aspire Educational Trust must report all contracts and other agreements to the ESFA in advance of the contract agreement commencing value exceeding £20,000. Trustees must comply with their statutory duties to avoid conflicts of interest, not to accept benefits from third parties and declare interests in proposed transactions or arrangements. The Register of Business Interest has been considered by the Board of Trustees.

### **Transactions with related parties**

In the event that the Trust does enter into a transaction with a related party, the Trustees will ensure there are no preferential terms and that the transaction is reported to the ESFA as required.

### **Goods and Services for Private Use**

The Trust will avoid practices such as obtaining goods and services that may include an element of private use for Trustees, LAC members or staff.

## **5. FINANCIAL MANAGEMENT SYSTEM**

All the financial transactions of schools/academies in the Aspire Educational Trust must be recorded into the financial management system, the computerised financial information accounting system. This system is operated by the Offices of all academies and consists of:

- Journals
- Nominal Ledger
- Bank
- Purchase Ledger
- Sales Ledger
- System Access

Entry into the financial management system is password restricted and the organisation which hosts the software is responsible for implementing a system which ensures that passwords are changed on a regular basis.

Access to the component parts of the financial management system can also be restricted and The Chief Finance and Operations Officer is responsible for setting access levels for all members of staff using the system.

## **Back-up Procedures**

The Chief Finance and Operations Officer is responsible for ensuring that there are effective back up procedures for the system.

Each academy will ensure that a backup of the server containing financial data is taken on a regular basis (at least weekly) preferably backed up to 'the cloud' or offsite server or equivalent, or on a suitable medium (e.g. removable hard drive) and removed from the school site. Data backed up to hard drives should be stored in a secure place preferably in a fireproof container. The back-ups should not be recorded on the same hard drive each time as this results in only one copy being available. In order to provide more protection from the loss of data at least three different hard drives should be used in rotation and stored in different locations. At least the most recent copy should be stored off-site.

The Principal in conjunction with the Bursar/Business Manager should also prepare a disaster recovery plan including the loss of accounting facilities or financial data. This should link in with the annual assessment made by the Board of Trustees of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

## **Transaction Processing**

All transactions input to the accounting system are authorised in accordance with the procedures specified in this manual.

All journal entries must be documented on the appropriate journal form, and authorised by the Principal. Bank transactions should be input by the Bursar/Business Manager and the input should be checked, and signed to evidence this check, by the Principal.

## **Transaction Reports**

The Chief Finance and Operations Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- audit trail reports;
- amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

## **Reconciliations**

The Academy Bursar or Business Manager and Chief Finance & Operations Officer 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;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

The bank reconciliations must be authorised by the Principal of the Academy.

Any unusual or long outstanding reconciling items must be brought to the attention of The Chief Finance and Operations Officer. The Chief Finance and Operations Officer will review and sign those reconciliations as evidence of his/her review.

## **6. Financial Planning**

Trust academies prepare Board of Trustees medium term and short-term financial plans.

The medium term financial plan is prepared as part of the school improvement/development planning process. The school development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The improvement/development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the individual academy and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below.

### **Academy Development Plan**

The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

Each year the Principal will propose a planning cycle and timetable to the Local Academy Committee which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Principal. The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, Board of Trustees capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy leader. The responsible leader should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The Principal will report to the Director of Education and the Local Academy Committee if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

The Board of Trustees will receive and consider the Trust's budget for the forthcoming financial year to 31<sup>st</sup> August. This item will be recorded in the minutes.

### **Budgets/Budgetary control**

- The Board of Trustees will formally approve (and minute the approval of) the academy's budget plan annually and will be submitted to the ESFA by the specified deadline by the Chief Finance & Operations Officer. The Board of Trustees will ensure that when arriving at the Budget Plan, the long term School Improvement/Development Plan has been taken into consideration and that links between the two documents are well established. The Board of Trustees ratify the budget of each school/academy.

- The Principal will receive and consider on a monthly basis, a year-end forecast report to monitor the school/academy's financial position.
- The LAC will receive and consider budgetary control reports at every meeting with relevant explanations and documentation where required
- All virements in excess of £50,000 will be approved, authorised and minuted by the Board of Trustees.

The Chief Finance and Operations Officer is responsible for preparing the annual budgets ready for approval by the Board of Trustees. The Principal is responsible for obtaining approval of the budget. The budget must be approved by the Board of Trustees.

The approved budget must be submitted to the ESFA by the prescribed date each year and the Chief Finance and Operations Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE/ESFA grant receivable;
- review of other income sources available to the school/academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income will be explored and expenditure headings will 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 be revised until income and expenditure are in balance. If a potential surplus is

identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget will be prepared by The Chief Finance and Operations Officer for approval by the Board of Trustees. The budget will be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

Monthly reports will be prepared by The Chief Finance and Operations Officer. The reports will detail actual income and expenditure against budget at cost centre level for the Principal and at summary level for the Board of Trustees. Any potential overspend against the budget must in the first instance be discussed with the Chief Finance and Operations Officer. The accounting system will not allow payments to be made against an overspent budget without the approval of The Chief Finance and Operations Officer.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements £50,000 and over must be authorised by the Board of Trustees and under £50,000 by the Principal.

Management accounts are shared with the chair of trustees every month and with the other trustees six times a year.

## **7. Purchasing**

The Aspire Educational Trust wants to achieve the best value for money from all purchases. This means the need for the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and there is a need to maintain the integrity of these funds by following the general principles of:

- **Probity** – the academy must demonstrate that there is no corruption or private gain involved in the contractual relationships of the school/academy;
- **Accountability** - the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness** - all those dealt with by the school/academy are dealt with on a fair and equitable basis.

### **Routine Purchasing up to £2999.99**

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month.

Routine purchases up to £1,000 can be ordered by budget holders. Purchases over £1000 must be authorised by the Principal. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Office. A quote or price must always be obtained before any order will be placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Chief Finance and Operations Officer.

All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Office. Orders must bear the signature of the budget holder and must be forwarded to the Office where the Bursar/Business Manager will check to ensure adequate budgetary provision exists before placing the order.

Approved orders will be recorded in the purchase order module of the financial management software which allocates an order number. Orders will be dispatched to the supplier from the Office.

The Office will stamp orders with a grid against which the following can be evidenced:

- Order placed
- Goods/ services received;
- Goods/services as ordered;
- Invoice received
- Invoice processed for payment;
- Payment made – cheque number recorded on invoice

Pending Orders will be filed awaiting receipt of goods/services/invoices in alphabetical supplier order.

Completed orders will be filed in Purchase order number.

The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt, the Office staff will undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. The office staff will refer any discrepancies to the budget holder for instruction. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, this will be recorded and kept with the purchase order. The Office will keep a central record of all goods returned to suppliers and chase progress of orders as appropriate.

All invoices should be sent to the Office. The invoice will be matched to the corresponding purchase order and receipt recorded. If correct, the invoice will be processed in the financial management system and filed with the Purchase Order awaiting payment at the correct interval.

Once a week, the Office will produce a list of outstanding invoices due for payment from the purchase ledger which will be reviewed for payment.

The Office staff will select the relevant supporting documentation (purchase requisition and invoices) from the Pending Orders file then input details of payments to the purchase ledger (accounts payable) and generate the payment run report and cheques. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

Cheque numbers will be marked on the invoices and the payments will be dispatched to suppliers by the Office who will then file completed orders in the appropriate file. Incomplete purchase orders will be returned to the original file until complete.

At least once a month the academy's Bursar/Business Manager will review outstanding purchase orders and ensure appropriate action is taken to clear any discrepancies.

### **E-Procurement**

Purchasing cards can be used for purchases of small value or to obtain goods/services via the internet to achieve cost reductions.



All purchases using the Academy purchasing cards must be supported with a purchase order.

### **Orders over £3,000 up to £25,000**

At least three written quotations should be obtained for all orders between £3,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the office for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed/emailed confirmation of quotes has been received before a purchase decision is made.

Orders between £3000 and £15000 must be authorised by the Chair of the Local Academy Committee and the CEO informed.

Orders between £15000.01 and £25000 must be authorised by the CEO.

### **Orders over £25,000**

All goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures. Purchases over £172,514 (threshold from 01/01/2014) may fall under EU procurement rules which require advertising in the Official Journal of the European Union. A link to guidance on the OJEU thresholds is given in Annex D of the Academies Financial Handbook.

## **8. Tender Process**

The tender process will be managed and agreed with the Board of Trustees according to value.

### **Forms of Tenders**

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

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with The Chief Finance and Operations Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

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

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

The tender will be prepared and led by The Aspire Educational Trust. Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

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

## **Aspects to Consider:**

### **Financial**

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

### **Technical/Suitability**

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

### **Other Considerations**

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

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Aspire Educational Trust Trustees. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

### **Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Three persons should be present for the opening of tenders as follows:

- the Chief Finance and Operations Officer or the Principal plus a member of the Board of Trustees

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 Board of Trustees people present at the tender opening.

### **Tendering 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 and for contracts over £25,000 a report should be prepared for the BOT highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the LAC.

Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.

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

## **9. Management of Accounts**

### **Income and Expenditure**

The main sources of income for each academy are the grants from the DFE/ESFA. The receipt of these sums is monitored directly by The Chief Finance and Operations Officer who is responsible for ensuring that all grants due to the academy are collected.

### **Other Grants and specific funding**

In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects, including capital projects. This funding may be from the Department for Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as restricted income and audited externally annually.

All applications for additional external funding over £5000 in value must be approved and supported by the Accounting Officer. Any applications for additional funding over £50,000 must be approved by the Board of Trustees who will stipulate how the terms of the specific project are to be adhered to and who is responsible for monitoring the income and expenditure.

Other Sources of income:

- Educational Trips & visits
- Training
- Lettings.
- Training Courses
- Consultancy
- Nursery additional sessions
- Catering
- Teaching school alliance including NLE deployment

### **Educational Trips and Visits**

A lead teacher must be appointed for each trip who informs the Office staff of the details so that quotes for transport etc. can be obtained. The lead/class teacher must complete a record for each student intending to go on the trip showing the amount due. The Office staff will collect and collate payments made and keep a record against a list for the visit, keeping the class teacher informed of payments received. Following completion of a trip/visit the Office staff will prepare a summary of the income/expenditure of the trip.

### **Training**

Individuals/establishments attending a training course will be invoiced prior to the event. All training places must be booked on the Trust's official booking form. If a place is cancelled within three weeks of the course date the place will still be charged. If cancelled before the three week period there will be no charge.

### **Lettings**

The academy's bursar is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. A sales invoice from the financial management system will be produced. Payments should be made in advance for the use of facilities. Organisations using the facilities should be instructed to send all payments to the Office.

### **Aspirer Training**

Schools and academies wishing to access training via the Aspirer Teaching School Alliance will be invoiced in advance.

### **Consultancy**

Any member of staff who visits other establishments on a consultancy basis should ensure that the academy/school office is informed. The Office staff will invoice the establishment for the member of staff's time at the agreed rate.

### **Nursery additional sessions**

Additional Nursery sessions must be booked with the Office and paid in advance of the session being taken.

Sessions paid for but not accessed due to illness may be taken on another date.

### **Before and After School Clubs sessions**

Before and After School Clubs sessions must be booked with the Office and paid in advance of the session being taken.

### **Catering**

School Dinners - Payment is made on a daily/weekly or termly basis in advance. The office staff maintains a record and chases any late payments. The provision of dinners will be withdrawn if payment has not been received after one week until payment is made in full.

The number of meals taken is agreed by the Office staff and the third party catering provider's staff at the end of each week. Dinner and snack money if received by the academy must be banked on a weekly basis into the Academy's bank account and entered on the financial management system as non-invoiced income. The third party catering provider will invoice the academy on a monthly basis in arrears for meals taken and snack money banked. The Bursar will be responsible for ensuring that the invoice is correct.

### **Income**

The Bursar will be responsible for chasing outstanding debts and for the safe custody of all income received. Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Office safe prior to banking. Banking for all income should take place every week or more frequently if the sums collected exceed the £2,500 insurance limit on the Academy's safe. A second member of staff will check and initial the count of cash being banked. The person responsible for taking the banking will sign for and take the monies to the Lloyds bank.

Monies collected must be banked in their entirety in the appropriate bank account. The Bursar is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Principal or Chief Finance and Operations Manager.

### **Cash Management and Bank Accounts**

The opening of all accounts must be authorised by the Board of Trustees.

## **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**

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two authorised signatories.

This provision applies to all accounts operated by or on behalf of the Board of Trustees of The Aspire Educational Trust.

## **Administration**

The Bursar/Business Manager must ensure that reconciliation of bank statements is performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the Bursar/Business Manager or Office staff and checked by the Principal;
- a Historical Unreconciled Bank Transactions Listing accompanies the bank reconciliation
- reconciliations are subject to an independent review carried out by The Chief Finance & Operations Officer or in his/her absence the Internal Auditor
- adjustments arising are dealt with promptly.

## **Petty Cash Accounts**

Academies should maintain a maximum cash balance of £100. The cash is held in a locking cash box which is put in the safe overnight. Transactions are administered by the Office staff. The Bursar is responsible for reconciliation and for entering all transactions into the petty cash records of the financial management system on a regular basis and at least monthly. Unannounced cash spot checks will be undertaken periodically by the Chief Finance and Operations Officer or MAT Business Operations Manager to ensure the cash balance reconciles to supporting documentation.

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

In the interests of security, petty cash payments will be limited to £35. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.

### **Cash Flow Forecasts**

The Chief Finance and Operations Officer is responsible for preparing 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**

Investments must be made only in accordance with written procedures approved by the Board of Trustees. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **10. Fixed assets**

### **Asset register**

All items purchased with a value over the Trust's capitalisation limit of £1,000 must be entered in an asset register by the Chief Finance & operations Officer. An asset register/inventory should be held at each academy. The asset register should include the following information:

- asset description
- asset number ▪ serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;



- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system
- to support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of assets**

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

All the items in the register should be permanently and visibly marked (if possible) as the Aspire Educational Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Trustees. Inventories of The Aspire Educational Trust's property should be kept up to date and reviewed regularly. Where items are used by the Aspire Educational Trust but do not belong to it (for example, leased items) this should be noted.

### **Disposals**

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

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

The Aspire Educational Trust will reinvest the proceeds from all asset sales for which capital grant funding was received.

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

### **Loan of Assets**

Items of the Aspire Educational Trust property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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.

## **11. Procurement - Best Practice Checklist**

1. Policies and procedures for procurement should be documented and adhered to, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:
  - roles and responsibilities of those involved in procurement (e.g. Local Academy Committee, Principal, Chief Finance and Operations Officer, The Trust Business Manager and other Senior Managers)
  - delegated authority levels, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Board of Trustees;
  - arrangements to ensure segregation of duties;
  - how purchases are recorded (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, Board of Trustees for routine day to day procurement, and for periodic high value items.

2. Where appropriate, individuals with relevant experience including the end-users (e.g. ICT managers, teachers) should be involved when putting together invitations to tender or making key decisions. This will not only aid selection of the best solutions for the academy, but may also help achieve buy-in by the end-users.
3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the academy's start-up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that nonessential purchases are challenged.
4. Procurement decisions should be clearly recorded to ensure that the decision has been reached fairly and to provide a clear audit trail:
  - the options available should be recorded;

- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

5. All key documents should be retained together by the Academy. This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision; ▪ signed copies of the contracts awarded; ▪ invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

6. An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased. The register should include:

- asset description
- asset number ▪ serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of "attractive items" (i.e.

items with a cost below the Academy's capitalisation threshold) such as minor office equipment.

7. Fitness for purpose should be a key consideration in any procurement decision (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
8. Opportunities should be taken for bulk purchase discounts, for example by combining similar orders.
9. When ordering goods an assessment of likely delivery timeframes should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

## 12. EU Procurement Thresholds from 01/01/2014

The European Union (EU) has introduced rules to open up public purchasing by making member states remove restrictive practices. Government departments and other public bodies are subject to these rules. They are relatively complex but in general terms include a requirement to follow a prescribed tendering procedure, to operate to a minimum timescale and **a requirement to advertise contracts in the Official Journal of the European Union (OJEU)** if they exceed certain financial thresholds. The thresholds applying from 01/01/2014 can be found at: <http://www.ojec.com/Thresholds.aspx>

- Goods and services: £181,302 (net of VAT);
- Public works contracts, for the procurement of construction or civil engineering works: £4,551,403 (net of VAT).

Where governing bodies are likely to enter into such contracts they will need to seek more detailed guidance and legal advice from the Department.



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