LDBS Academies Trust

Excellence and Equity for All Children in a Christian Context

LDBS Academies Trust
&
LDBS Academies Trust 2
Finance Manual

DATE APPROVED BY THE LDBS ACADEMIES TRUST	26th September 2023		
NEXT REVIEW DATE (Annual)	September 2024		
SIGNED (EXECUTIVE) HEADTEACHER		DATE	
SIGNED CHAIR OF THE LOCAL ACADEMY COMMITTEE		DATE	

Vision Statement

Our schools aspire to provide 'excellence and equity in a Christian context', where every child is valued as a unique individual treasured by a loving God.

'I have inscribed you on the palms of my hands.' Isaiah 49.v16.

Our aim is that every child will have the opportunity to flourish and develop into a rounded adult who can live life to the full.

'I have come that they may have life and may have it in all its fullness'. John 10.v10.

Our schools are places where all are welcome and where we practise kindness and hospitality on a daily basis. Our vision and our values are clearly displayed and while it is not a requirement that a child and their family have to be practising Christians, we do expect all parts of the community, children, staff, parents and carers to support the values that we hold dear.

In our school we demonstrate how we support this vision through our values which are *[insert text]* and summed up in the following statement *[insert text]*.

We live out our values and vision through our key policies e.g. The behaviour policy is supported through the values described in the rewards and sanctions section of the policy demonstrating the importance of dignity and forgiveness.

The school admissions policy decided by the Local Academy Committee shows our inclusivity and the importance we place on service to our local community.

The breadth of the curriculum and the creative projects which we enjoy are key to providing opportunities for children to experience life in 'all its fullness', so that alongside learning and wisdom they also experience joy and delight in learning.

Care for the individual and their needs is crucial and the school's policies regarding inclusion and SEND are constant reminders that each of us is known to God and our names are 'inscribed on the palms of His hands'.

The HR policies are common in all LAT schools and are created to ensure that individuals are treated fairly and with dignity. All HR policies have been scrutinised by the various unions to ensure that they contain acceptable procedures.

Definitions

'Board of Directors' / 'Directors' This is the name by which the governing body of the LAT are known. Directors are members of the LAT's governing body.

'Budget Holders' Refers to the Chief Executive and the (Executive) Headteachers with delegated responsibility for a particular budget.

'DfE' Department for Education

'ESFA' Education and Skills Funding Agency

'Executive Group' / 'Executive' Comprise the Chief Executive and the (Executive) Headteachers of the LAT's schools.

'LAT' Refers to both LDBS Academies Trust and LDBS Academies Trust 2

'SORP' Statement of Recommended (Accounting) Practice

1. Introduction

1.1 The purpose of these financial regulations is to provide control over the totality of the LAT's resources and provide management with assurances that the resources are being properly applied for the achievement of the LAT's strategic plan and business objectives:
financial viability;
achieving value for money
fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
ensuring that the LAT complies with all relevant legislation;
and safeguarding the assets of the LAT.

1.2 It is essential that these systems operate properly to meet the requirements of the LAT's funding agreement with the DfE and ensure compliance with the current Academies Financial Handbook.

1.3 Compliance with the financial regulations is compulsory for all staff connected with the LAT. A member of staff who fails to comply with the financial

regulations may be subject to disciplinary action under the LAT's disciplinary policy. The Board of Directors will be notified of any such breach through the Audit Committee. It is the responsibility of the Executive Group to ensure that their staff are made aware of the existence and content of the LAT's Financial Regulations Manual. The Chief Executive should ensure that new staff are made aware through the induction process.

1.4 The Audit Committee of the Board of Directors is responsible for maintaining a continuous review of the financial regulations and for advising the Board of Directors of any additions or changes necessary.

1.5 The Chief Executive, in consultation with the Chair of the Board, may suspend, waive, or vary any regulation when circumstances so dictate. All such suspensions, waivers and variations must be recorded in writing, signed by the Budget Holder making the relevant request and by the Chief Executive, and reported to the next meeting of the Board. The Chair of the Audit Committee must also be officially informed of such decisions.

2. Organisation & Governance

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

2.1 The Board of Directors

2.1.1 The Board of Directors has overall responsibility for the administration of the LAT's finances. The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the LAT and the DfE and in the LAT's scheme of governance. The main responsibilities include:

ensuring that grant from the DfE is used only for the purposes intended;
ensuring that funds from sponsors are received according to the LAT's Funding Agreement, and are used only for the purposes intended; approval of the annual accounts;
approval of the annual budget;
the regular monitoring of actual expenditure and income against budget;

ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
authorising the award of contracts over £10,000 but below £100,000;
authorising changes to the Board of Directors;
establishment approval of the Responsible Officer and financial statements auditor;
appointment of the Chief Executive; and
appointment of the Headteachers for each school.

2.2 The Audit Committee

2.2.1 The Audit Committee is a committee of the Board of Directors. The Committee meets at least three times in an academic year but more frequent meetings can be arranged if necessary.

2.2.2 The main responsibilities of the Audit Committee are detailed in terms of reference which have been authorised by the Board of Directors. The main responsibilities include:

review the body's internal and external financial statements and reports to ensure that they reflect best practice;
review the effectiveness of the body's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner;
ensure appropriate procedures are in place for whistleblowing, including making sure that all staff are aware to whom they can report their concerns;
develop, review and monitor the academy trust's risk register;
reviewing the reports of the Auditor and the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Directors.

2.3 The Chief Executive

2.3.1 Within the framework of the LAT development plan as approved by the Board of Directors, the Chief Executive has overall executive responsibility for the LAT's activities including financial activities. Much of the financial responsibility has

been delegated to the Headteachers but the Chief Executive still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any Executive posts which the Board of Directors have agreed should be approved by them; and
- signing payments in conjunction with another authorised signatory.

2.4 The Finance Manager

2.4.1 The Finance Manager works in close collaboration with the Chief Executive through whom he or she is responsible to the Directors. The Finance Manager also has direct access to the Directors. The main responsibilities of the Finance Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the LAT financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the LAT;
- the preparation of monthly management accounts;
- signing payments in conjunction with authorised signatories and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

2.5 The Responsible Officer

2.5.1 The Responsible Officer (RO) is appointed by the Board of Directors and provides Directors with an independent oversight of the LAT's financial affairs. The main duties of the RO are to provide the Board of Directors with independent assurance that:

- the financial responsibilities of the Board of Directors 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.

2.5.2 The Responsible Officer will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Directors. A report of the findings will be presented to the Audit Committee.

2.6 Other Staff

2.6.1 Other members of staff, primarily the Finance Manager, other members of the Finance team and School Business Managers, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of LAT property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, for conformity with the requirements of the LAT's financial procedures and for immediately notifying the (Executive) Headteacher and / or Chief Executive about suspected irregularities.

2.7 External Audit

2.7.1 External auditors (financial statements auditors and DFE/ESFA appointed auditors) shall have authority to:

access LAT premises at reasonable times;

access all assets, records, documents and correspondence relating to any financial and other transactions of the LAT;

require and receive such explanations as are necessary concerning any matter under examination;

require any employee of the LAT to account for cash, stores or any other LAT property under his or her control; and

access records belonging to third parties, such as contractors, when required.

2.7.2 The Finance Manager is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

2.7.3 The financial statements should be reviewed by the Audit Committee before being submitted to the Board of Directors for approval.

2.7.4 The appointment of external auditors for the main financial statements of the LAT will take place annually and is the responsibility of the Board of Directors. The Board of Directors will be advised by the Audit Committee.

2.7.5 The primary role of this external audit is to report on the LAT's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The duties of the external auditors will be in accordance with advice set out in the appropriate audit code of practice and the Auditing Practices Board's statements of auditing standards.

2.8 Risk Management

2.8.1 The LAT acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the LAT will be set out in a separate risk management strategy.

2.8.2 The Board of Directors has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the LAT through the development, implementation and embedment within the organisation of a formal, structured risk management process.

2.8.3 In line with this policy, the Board of Directors requires that the risk management strategy and supporting procedures include:

detailed regular review by the Executive Group to identify significant risks associated with the achievement of key objectives and other relevant areas;
development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
regular reporting to the Board of Directors of all risks above established tolerance levels; and
an annual review of the implementation of risk management arrangements.

2.8.4 The strategy and procedures must be capable of independent verification.

2.8.5 Receiving Gifts, Conflicts of Interest and Bribery

2.8.6 The LAT is committed to conducting its affairs to the highest standards of probity, propriety, openness, integrity and accountability. It seeks to conduct The LAT seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life, which members of staff at all levels are expected to observe. Staff should pay particular attention to the requirements for acting with selflessness, objectivity and honesty and maintaining appropriate relationships in conducting LAT business.

2.8.7 It is a criminal offence to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

2.8.8 Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the LAT would be likely to provide in return.

2.8.9 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Company Secretary. For the protection of those involved, each LAT Academy has a designated officer who is responsible for maintaining a register of gifts and hospitality received where the value is in excess of £25. Members of staff in receipt of such gifts or hospitality are obliged to notify their designated officer promptly or where necessary the Company Secretary.

2.8.10 Additionally, members of the Board of Directors, Local Governing Bodies, Executive Group or those involved in procurement are required to disclose interests they have in companies or individuals from which the LAT may purchase goods or services in the LAT's register of interests maintained by the Company Secretary. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

2.8.11 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the LAT. 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 director, governor or a member of staff by that person.

2.8.12 The existence of a register of business interests does not, of course, detract from the duties of directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Board of Directors, Local Academy Committee or a committee. Where an interest has been declared, Directors, governors and staff should not attend that part of any committee or other meeting.

2.8.13 Furthermore, no person shall be a signatory to a LAT contract where he or she also has an interest in the activities of the other party.

2.8.14 The LAT has a zero- tolerance for bribery and corruption and seeks to comply in full with the Bribery Act 2010. The LAT aims to limit its exposure to bribery by:

Setting out a clear anti-fraud and anti-corruption Policy), which is proportionate to the risks that the LAT is exposed to;
Embedding awareness and understanding of the LAT's anti-fraud and anti-corruption policy amongst all staff, "associated persons" (any person performing services for or on behalf of the LAT), and external persons/organisations with whom the LAT has commercial relations;
Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication (see provisions on Whistleblowing) and ensuring sensitive information is treated appropriately;
Rigorously investigating instances of alleged bribery in accordance with the LAT disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
Taking firm and vigorous action against any individual(s) involved in bribery.

2.8.15 A more detailed policy statement is found in Annex A.

2.9 Fraud & Corruption

2.9.1 The term 'fraud' is usually employed to describe acts such as bribery, corruption, forgery, extortion, conspiracy, theft, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For all practical purposes fraud may be defined as "The use of deception with the intention of obtaining an advantage, avoiding a loss, or causing loss to another party".

2.9.2 Fraud can be committed by persons outside as well as inside the LAT. In the LAT context, internal fraud or irregularity could include:
pilfering of stock;
improper use of telephone/fax facilities;
unauthorised use of LAT equipment (including computers); theft of cash or equipment;
improper manipulation of computer programmes or data collusion with others for illicit gain;
falsification of claims for travel and subsistence or other allowances/expenses; and
improper/ inaccurate claims for overtime or time off in lieu.

2.9.3 The above listing is not exhaustive but does cover the most common types of fraud/irregularity.

2.9.4 External attempts at fraud or irregularity could include:
offers of bribes/inducements;
submission of false invoices;
demands for payment of unsolicited goods;
contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition for services;
amending details on cheques (payee, sum payable etc.);
and fraudulent claims for LAT funds.

2.9.5 Again, the above list is not exhaustive, but does cover the most common types of external fraud.

2.9.6 It is the duty of all members of staff, management and the Board of Directors to notify the Company Secretary immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

2.9.7 For losses/suspected losses exceeding £1,000, the Company Secretary shall immediately invoke the full Fraud Response Plan, which incorporates the following key elements (see Annex B of these regulations for fuller details):

2.9.8 He or she will notify the Chief Executive and the Audit Committee (through the chairman of the committee) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report.

2.9.9 The Chief Executive shall inform the Police if a criminal offence is suspected of having been committed.

2.9.10 Any significant cases of fraud or irregularity shall be reported to the ESFA in accordance with their requirements.

2.9.11 The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the Responsible Officer or others, as appropriate.

2.9.12 The Responsible Officer, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such a report shall include advice on preventative measures.

2.9.13 For smaller losses management action should increase in accordance with the following escalation thresholds:

2.9.14 Loss exceeding additional action automatically triggered:

£5,000	ESFA notified
£1,000	Full fraud response plan including Responsible Officer investigation
£100	Meeting of fraud response team
£50	Police notified
£5	Company Secretary and Chief Executive notified, recorded in losses register, follow up by Company Secretary
£0	Manager informed. Follow up by manager.

2.9.15 The threshold applies before deducting amounts recovered from insurance. All frauds and suspected frauds should be recorded in the losses register and reported to the next Audit Committee.

2.9.16 If the suspected fraud is thought to involve the Company Secretary or the Chief Executive, the member of staff shall notify the chair of the Audit Committee direct of his or her concerns regarding irregularities.

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2.10 Whistleblowing

2.10.1 Whistleblowing, in the context of the Public Interest Disclosure Act 1998, is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

2.10.2 Normally, any concern about a workplace matter at the LAT should be raised with the relevant member of staff's immediate line manager or Budget Holder. However, the LAT recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

2.10.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Company Secretary. If the member of staff does not wish to raise the matter with this person, or with the Chief Executive or the chair of the Board of Directors, it may be raised with the chair of the Audit Committee.

2.10.4 The full procedure for whistleblowing is set out in the LAT's Whistleblowing Policy. This document and details of the Public Interest Disclosure Act 1998 are available from the Company Secretary.

3. Financial Reporting & Accounting Arrangements

3.1 Financial Year

3.1.1 The LAT financial year will run from 1 September until 31 August of the following year.

3.2 Basis of accounting

3.2.1 The financial statements are prepared on the historical cost basis of accounting modified by valuation for certain fixed assets and in accordance with applicable accounting standards.

3.3 Format of the financial statements

3.3.1 The financial statements are prepared in accordance with the Academies Accounts Direction published by the DfE, and in accordance with the provisions of the latest Companies Act and SORP, if that is appropriate.

3.4 Capitalisation and depreciation

3.4.1 New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts or inherited from predecessor bodies, where they will be recorded at depreciated replacement value.

3.4.2 Buildings will be depreciated in equal instalments over their estimated remaining useful life, usually fifty years.

3.4.3 Land will not be depreciated.

3.4.5 Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

3.4.6 Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £2,000 or more.

3.4.7 Grouped items (e.g. a suite of computers) with an individual value of less than £2,000, but a group value of £2,000 or more, should also be capitalised.
Capitalised assets will be depreciated as follows:
over a period of five years commencing in the year of acquisition for furniture, plant and equipment; and
over a period of four years commencing in the year of acquisition for motor vehicles and computer equipment.
over 10 years for major IT/Telecoms infrastructure.
over 50 years (or the professionally assessed life of the asset) for buildings. land is not depreciated.
All depreciation is on a straight-line basis.

3.5 Accounting records

3.5.1 The Finance Manager is responsible for the retention of all financial documents. These should be kept in a form that is acceptable to the relevant authorities.

3.5.2 The LAT is required by law to retain prime documents for six years. These include:

official purchase orders;
paid invoices;
accounts raised;
bank statements;
copies of receipts;
nominal ledger;
journals; and
payroll records.

3.5.3 In addition, the LAT elects to keep the following documents for the periods specified:

3.5.3.1 INDEFINITELY

Audited Financial Accounts
Complete end of year print-outs from the accounting system
Fixed asset register (along with copies of invoices for fixed assets) Investment certificates
Investment ledger
Payroll details used for pensions
Pension records

3.5.3.2 TWELVE YEARS

Agreements under seal - from date of expiry
Deeds of covenant
Material contracts - from date of expiry

3.5.3.3 TEN YEARS

Invoices for capital items
Sales ledger

3.5.3.4 SIX YEARS

Agreements with suppliers and others (e.g., loan agreements and other contracts and agreements) from date of expiry
Bank reconciliations
Bank statements
Enrolment forms
Copies of cheques/remittance advices/BACS transaction lists Copies of receipts
Official orders
Paid invoices
Payroll records
Sales invoices
Variable hours lecturer contracts

3.5.3.5 ONE YEAR

Petty cash records

3.5.4 The Finance Manager will make appropriate arrangements for the retention of electronic records.

3.5.5 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

3.5.6 Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

3.6 Public access

3.6.1 Under the terms of the Charities Act 1993, the Board of Directors is required to supply any person with a copy of the LAT's most recent financial statements within twenty working days of a request.

3.6.2 The Act enables the Board of Directors to levy a reasonable fee and this will be charged at the discretion of the Company Secretary. The LAT will also allow members of the public to inspect the statement of accounts during normal working hours, make a summary available in the Annual Report and on the LAT's website.

3.7 Accounting System

3.7.1 All the financial transactions of the LAT must be recorded on the Civica FinancialsLive accounting system except where detail is held on feeder systems and recorded in summary on Civica FinancialsLive.

3.7.2 The Civica FinancialsLive system is operated by the Finance Department and consists of:

- Nominal Ledger
- Cash Book
- Purchases Ledger
- Sales Ledger
- Fixed Assets

3.7.3 Entry to the Civica FinancialsLive system is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

3.7.4 Access to the component parts of the Civica FinancialsLive system can also be restricted and the Finance Manager is responsible for setting access levels for all members of staff using the system.

3.8 Back-up Procedures

3.8.1 The London Diocesan Fund is responsible for ensuring that there are effective back up procedures for the system. The system must be backed up each night and the backup media stored offsite. In addition, weekly and monthly backups should be kept for the last 12 months.

3.8.2 The Finance Manger should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Directors of the major risks to which the LAT is exposed and the systems that have been put in place to mitigate those risks.

3.9 Transaction Processing

3.9.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries – including cash-book journals – must be documented and described on the Civica FinancialsLive system and authorised by the Finance Manager or by a Director or the Company Secretary if journals prepared by the Finance Manager.

3.9.2 Detailed information on the operation of the Civica FinancialsLive system can be found in the user manuals held in the Finance Office.

3.10 Transaction Reports

3.10.1 The Director of Finance will ensure that key reports are regularly, independently reviewed to verify that only regular transactions are posted to the accounting system. The reports reviewed will include:

Bank detail change reports;
Audit trail reports;
Masterfile amendment reports for the purchase and sales ledgers;
Management accounts summarising expenditure and income against budget. Reconciliations

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

Sales ledger control account;
Purchase ledger control account;
Payroll control account;
Other control accounts and
Bank balance per the cash book to bank statements.

3.10.3 Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Executive or a director. The Chief Executive or a director will review and sign all reconciliations as evidence of his review.

3.11 Taxation

3.11.1 The Finance Manager is responsible for advising Budget Holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on

all taxation issues, to the LAT. Therefore, the Finance Manager will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty, as required.

3.11.2 The Finance Manager is responsible for maintaining the LAT's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

4 Financial planning

4.0.1 The LAT prepares both medium term and short-term financial plans.

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

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

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

4.1 Development Plan

4.1.1 The development plan is concerned with the future aims and objectives of the LAT and how they are to be achieved; that includes matching the LAT'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.

4.1.2 The form and content of the development plan are matters for the LAT to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

4.1.3 Each year the Chief Executive will propose a planning cycle and timetable to the Board of Directors 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?"

4.1.4 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 Chief Executive.

4.1.5 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, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

4.1.6 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a LAT manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Executive Group on a quarterly basis. The Executive Group will report to the Board of Directors if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

4.2 Annual Budget

4.2.1 The Finance Manager is responsible for preparing and obtaining approval for the annual budget for the LAT.

4.2.2 The School Business Manager is responsible for preparing and obtaining approval for the annual budget for the school.

4.2.3 The school budget must be approved by the Local Academy Committee and the Board of Directors.

4.2.4 The Board of Directors approve the LAT's budget.

4.2.5 The approved budget must be submitted to the DfE by 31 July each year and the Company Secretary is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

4.2.6 The annual budget will reflect the best estimate of the resources available to the LAT 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.

4.2.7 The budgetary planning process will incorporate the following elements:

forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
review of other income sources available to the LAT to assess likely level of receipts;
review of past performance against budgets to promote an understanding of the LAT 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.

4.3 Balancing the Budget

4.3.1 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

4.4 Finalising the Budget

4.4.1 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Local

Academy Committee, and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

4.4.2 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action.

4.5 Monitoring and Review

4.5.1 Monthly reports will be prepared by the School Business Manager. The reports will detail actual income and expenditure against budget both for (Executive) Headteacher and Local Academy Committee, and at a summary level for the Board.

4.5.2 Any potential overspend against the budget must in the first instance be discussed with the (Executive) Headteachers. The accounting system will not allow payments to be made against an overspent budget without the approval of the Director of Finance & Operations.

4.5.3 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 must be authorised by the Local Academy Committee.

5 Payroll

5.0.1 The main elements of the payroll system are:
staff appointments;
payroll administration and payments;
and staff leavers.

5.1 Staff Appointments

5.1.1 The Local Academy Committee has approved a personnel establishment for the LAT. Changes can only be made to this establishment with the express approval in the first instance of the Board of Directors who must ensure that adequate budgetary provision exists for any establishment changes.

5.1.2 The Local Academy Committee has authority to appoint staff within the authorised establishment except for posts with senior management responsibilities whose appointments must follow consultation with the Directors as noted in the schools scheme of delegation checklist. The HR provider(s) maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Local Academy Committee at the next monthly meeting and, in relation to members of the senior leadership team, to the Chair of the Local Academy Committee and Chief Executive immediately.

5.2 Payroll Administration

5.2.1 The LAT payroll is administered by the LAT's agreed payroll provider(s). Access to the system is password controlled. Backup arrangements are provided as part of the bureau service.

5.2.2 All staff are paid monthly through the LAT's agreed payroll provider(s). A master file is created for each employee which records:

salary;
- bank account details;
- taxation status;

personal details and
any deductions or allowances payable.

5.2.3 New master files can only be created by the bureau on the instructions of the HR Provider with the express approval of the Headteachers. Any master file amendments made by the HR Provider must be printed out each month prior to the payroll run and must be authorised by the relevant Budget Holder.

5.2.4 At the start of each year the HR Provider issues a timetable for payroll processing specifying deadlines before which pay information must be submitted.

5.2.5 All information affecting pay – including permanent master file changes, temporary variations in hours worked or rates of pay, staff absence and

terminations – must be authorised and submitted by School Business Managers before the specified deadline.

5.2.6 Before the payroll is processed, a report detailing all data input should be checked against source documentation by the HR Provider and then reviewed and initialled by the School Business Manager.

5.3 Payments

5.3.1 After the payroll has been processed but before payments are transmitted, checks are carried out by the HR Provider and the School Business Manager. These include: review of a print of salary payments by individual and in total and a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. The reports must be reviewed and authorised together with authority to release payment by the School Business Manager. All salary payments are made by BACS.

5.3.2 Payment of tax, National Insurance contributions and pensions are made by the bureau service.

5.3.3 The School Business Manager posts it to the nominal ledger.

5.3.4 On an annual basis the School Business Manager must verify for each member of staff that the gross pay per the payroll system agrees with another record of grade – such as Arbor, RM Integris, or the contract of employment.

6 Purchasing

6.0.1 The LAT wants to achieve the best value for money from all purchases – meaning the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and to maintain the integrity of these funds the following the general principles must be followed:

Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the LAT;

Accountability, the LAT is publicly accountable for its expenditure and the conduct of its affairs;

Fairness, that all those dealt with by the LAT are dealt with on a fair and equitable basis.

6.1 Routine Purchasing

6.1.1 Budget Holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the Budget Holder to manage the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure and commitments against budget will be available to each Budget Holder after the end of each month. Budget Holders also have access to details of pending orders.

6.1.2 Routine purchases up to £1,000 can be ordered by budget holders.

6.1.3 All orders must be made, or confirmed, using the Civica (Civica FinancialsLive) purchasing system and expenditure over £1,000 and up to £10,000 approved by the (Executive) Headteacher who will check to ensure adequate budgetary provision exists before approving the order.

6.1.4 All invoices should quote an order number and be sent to the relevant school. Invoices are scanned, entered on Civica (Civica FinancialsLive) and filed by the School Business Manager. If there is a discrepancy with the order, the invoice is queried at this point. If the goods have been received and invoiced in accordance with the order then the (Executive) Headteacher approves the invoice and it is automatically put on a payment run when it becomes due. If the goods have not been received as specified or there is a problem with the invoice then the School Business Manager rejects the invoice and payment is delayed until the problem is resolved.

6.1.5 All goods are delivered to the site office where they are checked against a delivery note. A copy of the signed delivery note is sent to Finance and matched to the order and invoice. Discrepancies are followed up and resolved before payment is made.

6.1.6 If a Budget Holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.

6.1.7 Each week the Finance Manager or the School Business Managers creates a payment run for all approved invoices which are due. After this has been checked

by an authoriser, the cheques/BACS payments are generated and authorised by two of the nominated authorisers.

6.2 Orders over £1,000 but less than £50,000

6.2.1 At least three written quotations/proof of comparison should be sought for individual items and contracts costing between £1,000 and £50,000 to identify the best source of the goods/services. Where an individual item is less than £1,000 but the multiple purchase of that item is more than £1,000, the same expectation applies.

6.2.2 Orders/contracts over £10,000 need first to be sent to the Trust Board for approval prior to the order being placed.

6.2.3 Written details of quotations obtained should be prepared and retained by School Business Manager for audit purposes.

6.2.4 Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

6.2.5 Purchases under £50 may be regarded as a trivial benefit.

6.3 Orders over £50,000 but less than £100,000

6.3.1 All goods/services ordered with a value over £50,000 but less than £100,000, or for contracts which in total exceed £50,000 but are less than £100,000 must be subject to at least five written quotations.

6.4 Orders over £100,000

6.4.1 All goods / services ordered with a value over £100,000 must be subject to formal tendering procedures.

6.4.2 Purchases over €200,000 (or the latest relevant EU threshold http://ec.europa.eu/internal_market/publicprocurement/index_en.htm) may fall

under EU procurement rules which require advertising in the Official Journal of the European Union – or use of a pre-tendered framework agreement.

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

6.4.3 Open Tender: This is where all potential suppliers are invited to tender. The Budget Holder must discuss and agree with the Company Secretary or the Finance Manager 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.

6.4.4 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 LAT's requirements,
the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

6.4.5 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.

Full details of tendering procedure are contained in the LAT's 'Tendering Policy which can be found in Annex C.

6.5 Signing of Contracts

6.5.1 Where a school is looking to enter in to a contract that is below £10,000 the Headteacher and Head of School has the delegated responsibility from the LAT Board to sign the contract.

6.5.2 Where a school to looking to enter into a contract with a value of £10,001 to £25,000 approval must first to sought from the Trust Board. Once the Board have given approval, then (Executive) Head Teacher can sign the contact.

6.5.3 For contracts arranged at school level above the value of £25,000, and agreed by the Board, then the CEO or a member of the Board must be the signatory.

6.5.4 For centrally arranged contracts below the value of £10,000 that have been approved by the CEO, can be signed by the Trust's Finance Manager, and for contracts above £10,000 the CEO or Board member must be the signatory.

7 Income

7.0.1 The main sources of income for the LAT are the grants from the DfE and from Local Authorities. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the LAT are collected.

7.0.2 The LAT also obtains income from:
students, mainly for school meals, trips or extra classes, parents, donations to the Governors' Fund, and the public, mainly for sports lettings.

7.1 Trips and Extra Classes

7.1.1 A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must consult the School Business Manager to plan how much should be charged. Charges should be in accordance with the LAT's policy on charging and remission.

7.1.2 Students should make payments at the School Office. A receipt must be issued for all monies collected and the value and date of the receipt recorded against the student making the payment.

7.1.3 The School Business Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

7.2 Donations to the Governors' Fund

7.2.1 The School Business Manager is responsible for informing parents how they can contribute to the Governors' Fund, recording donations on the Gift system and recovering Gift Aid on donations. All donations are made by cheque or standing order.

7.3 Premises Lettings

7.3.1 The School Business Managers oversee the letting of rooms and sports facilities Payments must be made in advance for the use of facilities.

7.3.2 The School Business Manager is responsible for chasing outstanding debts.

7.3.3 No debts should be written off without the express approval of the Board of Directors (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

7.3.4 Organisations using facilities should be instructed to send all payments to the School providing the facilities.

7.4 Custody

7.4.1 Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £1,000* insurance limit on the Finance Office safe or £500 when the premises are closed or cash is not kept in a locked safe .

7.4.2 Income is also received through a cashless paying system e.g. Parent Pay. All new Parent Pay accounts are set up by the School Business Manager. Set up of new receiving bank accounts must be approved by the Board of Directors or Chief Executive.

7.4.3 Monies collected must be banked in their entirety in the appropriate bank account. The School Business Manager 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 an appropriate member of staff other than the School Business Manager, identified by the Local Academy Committee.

8 Cash Management

8.1 Bank Accounts

8.1.1 The opening of all accounts must be authorised by the Board of Directors who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

8.2 Deposits

8.2.1 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.

8.3 Payments and withdrawals

8.3.1 All cheques and other instruments authorising payment or withdrawal from LAT bank accounts must bear the signatures or be electronically authorised by two of the following authorised signatories:
(Executive) Head Teacher;
Director of Finance & Operations;
Head of School or Deputy Headteacher;
a member of the Senior Leadership Team;

8.3.2 This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the LAT. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

8.3.3 Payments of up to £500 may also be made by charge card. Card holders are approved by the Local Academy Committee. Monthly statements must be approved by the (Executive) Headteacher in accordance with detailed procedures specified by the Finance Manager.

8.4 Administration

8.4.1 The Finance Manager and School Business Managers must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
all bank accounts are reconciled to the LAT's cash book;
reconciliations are prepared by the School Business Managers or the Finance Manager;
reconciliations are subject to an independent monthly review carried out by the (Executive) Headteachers and adjustments arising are dealt with promptly.

8.5 Petty Cash Accounts

8.5.1 The School Business Managers maintain petty cash floats not exceeding £50 at each school. The cash is kept in the schools' safe.

8.6 Deposits

8.6.1 The only deposits to petty cash should be from cheques cashed specifically for the purpose. Petty cash is replenished when it gets low. A cheque is raised to reimburse petty cash payments made to maintain the float at the approved level. The transaction is recorded in Civica FinancialsLive. All other cash receipts for whatever reason should be paid directly into the bank.

8.7 Payments and Withdrawals

8.7.1 In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by cheque/BACS directly from the main bank account as a cash book payment.

8.8 Administration

8.8.1 The School Business Manager is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Manager to ensure that the cash balance reconciles to supporting documentation.

8.9 Physical Security

8.9.1 All cash and valuables must be kept in the safe. Petty cash should be held in a locking cash box which is put in the safe overnight. Safe keys must be held in the personal custody of a maximum of three named individuals.

8.10 Cash Flow Forecasts

8.10.1 The Finance Manager is responsible for preparing cash flow forecasts to ensure that the LAT has sufficient funds available to pay for day to day operations. If for any reason there are insufficient funds then borrowing is not an option to resolving the problem. The school business manager needs to contact the LAT Finance Manager to arrange a short-term loan. If significant balances can be foreseen, steps should be taken to invest the extra funds in accordance with the Treasury Management Policy. Similarly plans should be made to transfer funds from another bank account or to re-profile grant funding to cover potential cash shortages.

8.11 Investments

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

8.11.2 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.

9 Fixed assets

9.1 Asset register

9.1.1 For schools that convert to an academy, the assets of the school will be transferred as a lump sum – agreed with the Trust's auditors – and depreciated over 5 years. From the point of becoming an academy the school will follow the Fixed Asset policy.

9.1.2 All items purchased with a value over the LAT's capitalisation limit must be entered in an asset register. 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

9.1.3 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 LAT's financial system and
support insurance claims in the event of fire, theft, vandalism or other disasters.

9.2 Security of assets and data protection

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

9.2.2 All the items in the register should be permanently and visibly marked as the LAT'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 Directors. Inventories of LAT property should be kept up to date and reviewed regularly. Where items are used by the LAT but do not belong to it this should be noted.

9.2.3 Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the School Business Manager immediately. An officer shall be responsible for maintaining proper security and privacy of information held on the LAT's computer network. Appropriate levels of security will be provided, such as passwords for networked computers together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. The Company Secretary shall discharge the role of Data Protection Officer to ensure compliance with the Act and the safety of documents.

9.3 The Finance Manager is responsible for the safekeeping of financial documents relating to the LAT (contracts and agreements) and legal documents (deeds and leases) relating to the LAT. All such documents shall be held in an appropriately secure, fireproof location and copies held by the relevant manager.

9.4 Insurance

9.4.1 The Company Secretary and the Finance Manager are responsible for the LAT's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. The Company Secretary and the Finance Manager are responsible for effecting insurance cover as determined by the LAT. They are therefore responsible for obtaining quotations, negotiating claims and maintaining the necessary records. The Company Secretary and the Finance Manager will keep a register of all insurances effected by the LAT and the property and risks covered. They will also deal with the LAT's insurers and advisers about specific insurance problems. The School Business Manager will also inform staff and parents where the LAT's policies do not provide cover.

9.4.2 Budget Holders must ensure that any agreements negotiated within their schools with external bodies cover any legal liabilities to which the LAT may be exposed. The Company Secretary's advice should be sought to ensure that this is the case. Budget Holders must give prompt notification to the Finance Manager of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

9.4.3 School Business Managers must advise the Company Secretary or Finance Manager immediately of any event that may give rise to an insurance claim. The Company Secretary or Finance Manager will notify the LAT's insurers and, if appropriate, prepare a claim in conjunction with the School Business Manager for transmission to the insurers.

9.4.4 The School Business Managers are responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

9.4.5 A member of staff using his or her own vehicle on behalf of the LAT shall maintain appropriate insurance cover for business use.

9.5 Disposals

9.5.1 Items that have a written value below the value of £2,000 which are to be disposed of by sale or destruction must be authorised for disposal by the School Finance Manager and, where significant, should be sold following competitive tender. For items above £2,000 authorisation should be sought from the Board. Some transactions will require the Secretary of State's approval and these are detailed in the Academies Financial Handbook.

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

9.5.3 All disposals of land must be agreed in advance with the Secretary of State and/or the LDBS as appropriate.

9.6 Loan of Assets

9.6.1 Items of LAT property must not be removed from LAT premises without the authority of (Executive) Headteacher. A record of the loan must be recorded in a loan book and booked back in LAT when it is returned.

9.6.2 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 LAT's auditors.

Annex A.

ANTI-FRAUD AND ANTI-CORRUPTION (including guidance on accepting gifts and hospitality) POLICY

Policy Summary

This policy and procedure defines the expected conduct of all staff engaged at the Academy, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to. It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared. Reference is made to other Academy policies where appropriate.

1. Introduction

1.1 The LAT is committed to ensuring that it acts with integrity and has high standards. Everyone involved with the LAT has a responsibility in respect of preventing and detecting fraud. All staff, governors and directors have a role to play. The LAT also recognises the role of others in alerting them to areas where there is suspicion of fraud.

1.2 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

1.3 Providing the public with the highest quality of service possible not only involves being responsive, helpful and polite, but above all, it requires integrity and honesty at all times.

1.4 It is the duty of all LAT employees, governors and directors to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of Auditors to review the adequacy of the measures taken by the LAT to test compliance and to draw attention to any weaknesses or omissions.

1.5 Any investigation carried out in relation to alleged irregularities is linked to the LAT's Disciplinary Policy.

2 Definitions

2.1 **Fraud**: Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

2.2 **Corruption**: The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the LAT, its staff , governors or directors.

2.3 **Gifts and Hospitality**: Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared. The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Much of what is acceptable practice in the private sector is not acceptable in public sector employment. Unlike private industry, actions of employees are totally open to public scrutiny. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.

2.4 Irregularities fall within the following broad categories, the first three of which are criminal offences:

Theft – the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;

Fraud – the intentional distortion of financial statements or other records by persons internal and external to the Academy, which is carried out to conceal the misappropriation of assets or otherwise for gain;
Bribery and corruption (Gifts & Hospitality – see Point 6.) – involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
Failure to observe, or breaches of, Scheme of Delegation and Financial Regulations;
Failure to observe, or breaches of, the LAT's Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

2.5 Examples of what could constitute fraud and corruption are:
theft of cash;
non-receipt of income;
substitution of personal cheques for cash;
travelling and subsistence claims for non-existent journeys/events; travelling and subsistence claims inflated;
manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
payment of invoices for goods received by an individual rather than the LAT;
failure to observe, or breaches of, regulations and/or other associated legislation laid down by the LAT;
unauthorised borrowing of equipment;
breaches of confidentiality regarding information;
failure to declare a direct pecuniary or otherwise conflicting interest; concealing a generous gift or reward;
unfairly influencing the award of a contract;
creation of false documents;
deception;
using position for personal reward.

The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the Finance Manager and/or Auditors.

Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Headteacher, Chief Executive or Finance Manager.

3. Policy Statement

3.1 This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff in the LAT.

3.2 The LAT aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts LAT business. This document sets out the LAT's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the LAT's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

3.3 This policy, in line with the LAT's corporate values of integrity, consistency, impartiality, fairness and best practice, provides both staff and management with mutually understood guidelines for the administration of this procedure.

3.4 The scope of this procedure extends to all LAT employees, permanent, temporary, voluntary and fixed term.

3.5 Time limits specified in this document may be extended by mutual agreement.

3.6 If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

4 Equal Opportunities statement

4.1 The LAT is committed to equality of opportunity, and to promoting an ethos of dignity, courtesy and respect throughout the organisation.

5 Objectives

5.1 The Academy has taken the following steps to communicate expectations to staff:
The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the LAT.

6. Gifts & Hospitality

6.1 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.

6.2 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the LAT:
6.2.1 To accept gifts should be the exception.
6.2.2 You may accept small 'thank you' gifts of token value, such as a diary, a coffee mug or bunch of flowers, not over £25 in value.
6.2.3 You should notify the XXX of any gift or hospitality over this value for entry in the Gifts and Hospitality Declaration File in the XXX Office.
6.2.4 Always say no if you think the giver has an ulterior motive.
6.2.5 Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a more prompt service or preferential treatment.
6.2.6 Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract with the LAT, seeking employment with the LAT or is in dispute with the LAT, even if you are not directly involved in that service area.
6.2.7 Where items purchased for the LAT include a 'free gift', such a gift should either be used for LAT business or handed to the XXX to be used for charity raffles.
6.2.8 If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult the Headteacher, Chief Executive or Finance Manager.

6.3 A gauge of what is acceptable in terms of hospitality is whether LAT would offer a similar level of hospitality in similar circumstances.
6.3.1 Occasional working lunches with customers, providers or partners are generally acceptable as a way of doing business provided they are not to an unreasonable level or cost.
6.3.2 Invitations to corporate hospitality events must each be judged on their merit.
6.3.3 Provided the general rules have been taken into account, it may be acceptable to join other company/organisation guests at:

- sponsored cultural and sporting events, or other public performances, as a representative of the LAT;
- special events or celebrations.

But, consider the number of these events, and always take into consideration what public perception is likely to be if they knew you were attending.

6.3.4 Acceptability depends on the appropriateness of the invitations, in terms of the level of hospitality, the frequency and the status of the invited employee. In all such cases, the Headteacher or a member of the Senior Leadership Team must be consulted.

6.3.5 Paid holidays or concessionary travel rates are not acceptable. Neither are offers of hotel accommodation nor the use of company villas/apartments.

6.3.6 If you are visiting a company to view equipment that the LAT is considering buying, you should ensure that expenses of the trip are paid by the LAT. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that the LAT's purchasing and/or tender procedures are not compromised.

6.3.7 Acceptance of sponsored hospitality that is built into the official programme of conferences and seminars related to your work are acceptable.

6.3.8 Offers to speak at corporate dinners and social gatherings, or events organised by, for example, a professional body, where there is a genuine need to impart information or represent the LAT must be agreed in advance with the Headteacher / Chief Executive. Where your spouse or partner is included in the invitation, and approval has been given for you to attend, it will be acceptable for your spouse or partner to attend as well, but if expenses are incurred, these will be met personally.

6.3.9 Any invitation you accept should be made to you in your professional/working capacity as a representative of the LAT.

7 Roles and Responsibilities

7.1 **Staff and Governors** : The LAT has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:
7.1.1 All staff are made aware of the LAT Code of Conduct for Employees;
7.1.2 A requirement for all staff, governors and directors to declare prejudicial interests and not contribute to business related to that interest;
7.1.3 A requirement for staff, governors and directors to disclose personal interests;
7.1.4 All staff, governors and directors are made aware of the understanding on the acceptance of gifts and hospitality;
7.1.5 Clear recruitment policies and procedures; and
7.1.6 Staff, governors and directors also have a duty to report another member of staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

7.2 **Responsible Officer** : The Responsible Officer has specific responsibility for overseeing the financial and governance arrangements on behalf of the governors. The main duties of the Responsible Officer are to provide the governors with on-going independent assurance that:

7.2.1 The financial responsibilities of the governors are being properly discharged;
7.2.2 The resources are being managed in an efficient, economical and effective manner;
7.2.3 Sound systems of financial control are being maintained; and
7.2.4 Financial considerations are fully taken into account in reaching decisions.

7.3 **Finance Manager**: The Finance Manager has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of the LAT. In respect of fraud it is therefore the responsibility of the Finance Manager to ensure internal controls prevent and detect any frauds promptly. This includes:

7.3.1 Proper procedures and financial systems;
7.3.2 Effective management of financial records;
7.3.3 Management of the Academy's financial position;
7.3.4 Appropriate governance and checks are in place.

7.4 **External Audit**: The Academy's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the Academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Department for Education.

8 Reporting a Suspected Fraud

8.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the Finance Manager, unless this individual is involved in the irregularity in which case the Chief Executive should be informed.

8.2 Please refer to the LAT Whistleblowing Policy for further guidance.

8.3 All reported irregularities will be thoroughly investigated, with due regard to the provisions of the Human Rights Act 1998, Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the LAT's Equal Opportunities Policy.

9 Confidentiality and Safeguards

9.1 The LAT recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Academy will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.
9.2 This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.
9.3 There is a need to ensure that the process is not misused. For further guidance refer to the Academy Disciplinary policy.

10 Links with other Policies

10.1 The LAT Board of Directors and Local Governing Bodies are committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Anti- Fraud and Anti-Corruption policy attempts to consolidate those in one document and should be read in conjunction with the following LAT policies:

Whistle-Blowing Policy
Internal Financial Procedures
Scheme of Delegation
Code of Conduct Policy
Disciplinary Policy
Equal Opportunities Policy
Tendering Policy

Annex B.
FRAUD RESPONSE PLAN

Purpose

1.1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the LAT to:

prevent further loss;
establish and secure evidence necessary for criminal and disciplinary action;
notify the ESFA or DfE, if the circumstances require it;
recover losses;
punish the culprits;
deal with requests for references for employees disciplined or prosecuted for fraud;
review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
keep all personnel with a need to know suitably informed about the incident and the LAT's response;
inform the police;
assign responsibility for investigating the incident;
establish circumstances in which external specialists should be involved;
and establish lines of communication with the police.

2 Initiating Action

2.1 All actual or suspected incidents should be reported without delay to the Company Secretary. Subject to the limits specified in section 2, the Company Secretary should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

the Company Secretary (chair)
the Chief Executive; and
the Responsible Officer.

2.2 The project group will decide on the action to be taken. This will normally be an investigation, led by the Responsible Officer. The decision by the project group to initiate a special investigation shall constitute authority to the Responsible Officer to use time provided in their plan for special investigations, or contingency time.

3 Prevention of Further Loss

3.1 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

3.2 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the LAT's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the LAT. Any security passes and keys to premises, offices and furniture should be returned.

3.3 Advice should be obtained on the best means of denying access to the LAT while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the LAT's computer systems should be withdrawn without delay.

3.4 The Responsible Officer shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the LAT's assets.

4 Establishing and Securing Evidence

4.1 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The LAT will follow disciplinary procedures against any member of staff who has committed fraud. The LAT will normally pursue the prosecution of any such individual.

4.2 The Responsible Officer will:
maintain familiarity with the LAT's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation;
establish and maintain contact with the police where appropriate;
establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act; and
ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

5 Notifying the Education Funding Agency

5.1 The circumstances in which the LAT must inform the funding body about actual or suspected frauds are detailed in ESFA guidance. The Executive Head Teacher is responsible for informing the ESFA of any such incidents.

5.2 The threshold for reporting actual or suspected fraud to the ESFA is £5,000.

6 Recovery of Losses

6.1 Recovering losses is a major objective of any fraud investigation. The Responsible Officer shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

6.2 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The LAT would normally expect to recover costs in addition to losses.

7 References for Employees Disciplined or Prosecuted for Fraud

7.1 Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Company Secretary.

7.2 The HR Department shall prepare for the Company Secretary any answer to a request for a reference having regard to employment law.

8 Reporting To Directors

8.1 Any incident requiring the activation of this plan shall be reported without delay by the Chief Executive to the chairs of both the Board of Directors and the Audit Committee.

8.2 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the chairs of both the board of Directors and the Audit Committee.

8.3 On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:

a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;

the measures taken to prevent a recurrence; and

any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

8.4 This report will normally be prepared by the Responsible Officer.

9 Reporting Lines

9.1 The project group shall provide a confidential report to the chair of the Board of Directors, the chair of the Audit Committee, the Chief Executive and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

quantification of losses;

progress with recovery action;

progress with disciplinary action;

progress with criminal action;

estimate of resources required to conclude the investigation;

and actions taken to prevent and detect similar incidents.

10 Responsibility for Investigation

10.1 All special investigations shall normally be led by the Responsible Officer. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from the Responsible Officer.

10.2 Some special investigations may require the use of technical expertise which the Responsible Officer does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

11 Review of Fraud Response Plan

11.1 This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

Annex C:
TENDERING POLICY

This policy has been produced to ensure that the LAT, and the Local Governing Bodies of Academies, manage public funds in a proper and effective manner as set out in the Academies Financial Handbook. When considering the procurement of, and tendering for goods and services, consideration should be given to probity, accountability and value for money.

1. 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.

1.1. **Open Tender**: This is where all potential suppliers are invited to tender. The Academy must discuss and agree with the LAT's Board 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.

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

1.2.1. there is a need to maintain a balance between the contract value and administrative costs,
1.2.2. 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, 1.2.3. the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

1.3. **Negotiated Tender**: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
1.3.1. the above methods have resulted in either no or unacceptable tenders
1.3.2. only one or very few suppliers are available,
1.3.3. extreme urgency exists,
1.3.4. additional deliveries by the existing supplier are justified.

2. Preparation for Tender

In order to help with the transparency of the procurement and tendering process the LAT and Academies should have a register of business interests for Board members, academy governors and any other person that may be involved in the procurement and tendering process. The LAT and Academies need to be aware that the EU introduced a requirement for public bodies to follow a prescribed tendering procedure, which operates to a minimum timescale, as well as requiring adverts to be placed in the Official Journal of the European Union if goods and services are to exceed the value of £173,934 (excl VAT)over the life of the contract, or if Public works contracts for the procurement of construction or civil engineering works exceeds £4,348,350, (excl VAT)

2.1. Full consideration should be given to:
2.1.1. objective of project - should be in line with LAT/Academies Development Plan and any budget constraints
2.1.2. overall requirements – as set out in the Specification or Statement of Requirement
2.1.3. technical skills required
2.1.4. after sales service requirements
2.1.5. form of contract.

2.2 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. Any current level of service should not be regarded as the standard needed.

3. 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:

3.1. introduction/background to the project;
3.2. scope and objectives of the project;
3.3. technical requirements;
3.4. implementation of the project;
3.5. terms and conditions of tender and
3.6. form of response.

4. Aspects to Consider

4.1 Financial

4.1.1. 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.
4.1.2. Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
4.1.3 LAT/Academies should consider the possible flexibility of a short-term agreement with the consistency and possibility of a lower price for longer term agreements.
4.1.4. If there is scope for negotiation, this must be considered.

4.2 Technical/Suitability

4.2.1. Qualifications of the contractor
4.2.2. Relevant experience of the contractor
4.2.3. Descriptions of technical and service facilities
4.2.4. Certificates of quality/conformity with standards
4.2.5. Quality control procedures

4.2.6. Details of previous sales and references from past customers.

4.3 Other Considerations

4.3.1. Pre sales demonstrations
4.3.2. After sales service
4.3.3. 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.
4.3.4. If in practice there is a sole provider of the goods or services, appropriate consideration will be given to ensuring that value for money is being obtained (which may include benchmarking similar services or providers elsewhere in the country) and evidence retained for audit purposes.

5. Tender Acceptance Procedures

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

6. Tender Opening Procedures

6.1. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
6.1.1. For contracts with a total cumulative value of up to £100,000 – any two of the Chief Executive, Finance Manager or Company Secretary;
6.1.2. If a contract is £35,000 a year, but the duration of the contract is for 3 years then the cumulative value is £105,000.

6.2. 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.

7. Tender Evaluation

7.1. The evaluation process will involve at least three people. Those involved shall 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.

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

7.3. Full records will be kept of all criteria used for evaluation and a report should be prepared for the LAT highlighting the relevant issues and recommending a decision.

7.4. 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.

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

7.6. In the event that a tender other than the lowest is being recommended to the Board of Directors for acceptance, those involved in making the recommendation shall document and report the reasons for not accepting the lowest bid to the Board of Directors.

8. Insurance Requirements

Generally insurance requirements are stated within the PQQ/tender documents. However, as a minimum most contracts will require the contractor to be covered by an Employer's and Public Liabilities Insurance to the value of £5,000,000.

9. Retention of Records

All relevant documents relating to the tender process (including minutes of meetings held and a written record of the reasons for the decision made) shall be retained by the Academy for

audit purposes, and to use in defence if any complaint or allegation of improper practice is made.

APPENDIX 1: STEPS IN THE TENDERING PROCESS

Step 1: Initial Scoping
Identify need for goods, services or works
Seek initial authority for proposals from the LAT Board of Directors

Step 2: Planning
Identify available funds to cover purchase
Develop procurement plan

Step 3: Specify requirements
Consult with users
Prepare and refine statement of requirements (or specification)
Prepare tender pack documents and evaluation criteria

Step 4: Authorisation to Tender
Submit tender pack to the LAT Board of Directors

Seek approval to go out to tender from the LAT Board of Directors

Step 5: Tender
Release tender pack
Respond to tenderers' queries

Step 6: Establish Contract
Evaluate bids
Report back to LAT Board of Directors
Award Contract

Step 7: Manage Contract
Receive goods, services or work
Inspect performances & quality
Monitor & report

APPENDIX 2: TENDER SPECIFICATION WRITING GUIDANCE

1 What is a Specification?

The specification is a key part of the tender documentation, which also includes:
the terms and conditions of tender,
instructions to tenderers,
conditions of contract, and
form of response (questionnaires).

The specification describes as accurately as possible the supplies, services or works that the School requires. Preparing a specification requires in-depth research and a great deal of accuracy. A poor description of the School's requirements may mean that the product or service is not delivered to the standards required, and later changes to the requirements may result in additional or abortive costs.

2 Writing the Specification

2.1 Pre-specification tasks

Ensure that there is a clear understanding of what is required
Identify and agree the customer or user's requirements
For works, analyse any existing provisions to determine the impact of the new proposals and the relationship of new to existing
Research the market by talking to suppliers, other purchasers, industry associations, etc. to identify possible solutions, indicative costs and delivery time-scales
Identify the possible risks associated with the procurement process so that ways of controlling the risks can be built into the specification and contract
Identify the scope of the contract and what the range of goods and/or services are which the supplier will be asked to deliver
Identify the evaluation criteria so that the specification will reflect the importance of each criteria

Determine how you will monitor performance of the contract

2.2 Structure of the Specification

Specifications vary in length and complexity depending on the nature of the product or service being procured but the following are common areas in most specifications, and should be included unless there is valid reason otherwise:

Title page - Describe the project and identify the School and the main contact person (or contract administrator).

Table of Contents – ensure the document is well set out and easy to read, using plain language.

Definitions – include a list of definitions, or a glossary of terms, to ensure that technical words and phrases in the specification are mutually understood to avoid misunderstandings and inappropriate solutions.

Introduction - Briefly explain the requirement and the context of that

requirement. Scope - Address areas such as:

- anticipated demand or volumes,

- whether the supplier is to supply only, supply and install,
- providing training,
- providing support documentation, etc. and, where appropriate
- identify specifically what is not to be included.

Background – The more information a tenderer has, the better able he or she is able to respond to the tender. It may cover:

- why the School is tendering,
- its expectations,
- the implications for the School implementing the solutions,
- other options which have been considered by the School (and if dismissed, why)
- how the solutions may link into other requirements and applications whether already implemented or planned for the future.

Service Conditions and Environmental Factors – Explain any factors which may have a bearing on the operation of the goods or services e.g., if the physical environment may impact on the output design or performance, the specification must highlight these conditions. Examples are:

- Operating and storage conditions
- The need for inter-changeability or compatibility with existing services and equipment
- Personnel and health and safety aspects
- Existing facilities to be maintained throughout a contract period and what has to be done to ensure this

The specification must also cover any particular sustainability requirements, for example, energy usage and the recycling capability of the goods.

Statement of Requirements - Must contain:

- A description of the outputs for services OR functionality and performance requirements for goods.
- Performance indicators and benchmarks to be monitored during the contract period.

The statement of requirements will vary significantly in scale and complexity depending on the size and nature of the contract but may contain some or all of the following:

Services:

- Required outputs and/or outcomes
- Performance measures
- Targets
- Management of the contract
  - Transfer of assets and personnel
  - The hand-over process
  - Transition between service providers
  - Best Value

Goods:

- Design and performance criteria
- Functional characteristics
- Performance characteristics
- Technical characteristics
- Reporting requirements
- Standards
  - Compatibility and standardisation
  - Acceptance testing
- Trade-ins

Works:

- List drawings and other guidance provided
  - Details of access, ground conditions and preparation
  - work Performance criteria including contractors' designs
  - Relationships with subcontractors and suppliers
  - Employer's contractual and legal requirements
  - Insurances of works and indemnities
  - Works management including completion and defects
  - Control of time and cost
  - Quality control, standards and checks
  - required Health and safety
- Temporary facilities

Technology, systems and management techniques - state where the School expects improvement in the use of systems and other management techniques.

Quality Requirements - address the quality processes and standards expected of the supplier, including the quality of the goods required

Whole of life support - state what maintenance is required; any modifications or upgrades that may be required in the future plus any warranties required.

Security – if relevant ask suppliers about how the confidentiality of personal and commercial information will be handled and / or address security issues e.g. theft reduction measures.

Training - Any training required for the product or service in question should be clearly identified and the supplier should be required to state what will be provided, plus the cost of any additional training requirements that may be required above the levels agreed in the tender process.

Implementation timetable - T he implementation timetable should be fully detailed including the commencement date, delivery date(s), milestones, and a completion date. The school must specify the required dates and not ask the supplier when he or she can deliver, although the supplier can be asked to provide costed variations if deemed appropriate.

3 Evaluation Criteria

The evaluation criteria that will be used to assess the submitted tenders must be developed at the same time as the specification. It must reflect the key needs of users. If the contract is subject to the EU Procurement rules, then the evaluation criteria must be selected from the criteria allowed under the EU rules.

4 Consulting with Users

When the specification is being dev eloped it is important that the users of the product or service are consulted in order to en sure that what they actually need is clearly described in the specification (and not the perception of what they need). The process is usually strengthened by including some users in the tender development and evaluation process, taking account of their expertise and understanding of the required solution.
The Public Services (Social Value) Act 2012 also requires an authority to consider whether to undertake any consultation regarding the economic, social and environmental elements of a procurement exercise. ‘Considering does not mean that consultation has to take place, but it is recommended that you note that you have considered this and the reason for consulting or not consulting. If you do undertake a consultation process, note the process undertaken and how it has affected the development of the specification.

5 Consulting with Suppliers

It is important that tenderers are given an opportunity to discuss the content of the specification before tenders are returned so that any ambiguities or uncertainties can be clarified. It is vital that when the contract is awarded the successful supplier and the Council have a clear and common understanding about the requirements of the specification and what the suppliers' commitments are under the contract. Problems often occur as a result of suppliers being unclear about some aspect of the contract or specification that they are being asked to deliver.

APPENDIX 3: TEMPLATES FOR TENDER PACK DOCUMENTS

Example 1: Invitation to Tender

<insert date>

Tender for: <insert description>

Dear Sirs

Invitation to Tender

The <insert school name> invites offers for the supply of <insert description>

Your tender must be submitted in compliance with the following documents which accompany this invitation to tender:-

Instructions to Tenderers
Form of Tender (including Certificate of Tender)

Specification of Requirements for a <insert description>
Contract Documents

It is the responsibility of the tenderers to ensure that offers are received by 10.30hrs on <insert date>. Tenders received after this time shall not be considered, but shall be opened, recorded, marked "Late Tender" and returned to sender.

Please acknowledge receipt of this Invitation to Tender by sending an email marked for the attention of <NAME> to <insert email address>, confirming whether you intend to bid.

Yours faithfully,

<insert name and title>

Example 2: Tender Acknowledgement Form

To:

<Insert Contact Name and School's Address>

Date: <insert date>

Dear Sirs,

Re: Tender for <insert description>

We acknowledge receipt of your Invitation to Tender package.

We have received all of the documents listed in the Invitation to Tender without damage and in usable condition.

We have read the Invitation to Tender and will tender in accordance with the requirements detailed.

OR

We do not wish to tender and accordingly return the complete Invitation to Tender package with this letter.

Yours faithfully,

<insert name and title>

For and on behalf of:

Example 3: Instructions to Tenderers

<Insert School's Name> Tender for: <insert description>

Instructions to Tenderers (3 pages)

Terms and Conditions of Tender:

Tenders must be submitted with the enclosed Terms and Conditions of Tender, and must be supplemented by all other information and authorities requested in these Tender Documents. Tenderers should note that all attachments and appendices to the Terms and Conditions of Tender shall upon award of Contract be deemed part of the Contract.

Submission of Tenders:

The original Tender plus one copy must be submitted in a sealed package or envelope addressed as follows:

<Insert Contact Name and School's Address>

Your submission should also prominently display the following message: "TENDER FOR: <insert description> COMMERCIALLY CONFIDENTIAL – DO NOT OPEN". The name of the tendering firm must not appear on the envelope, nor must it be visible through the envelope. The Tender must not arrive later than <insert date and time>. The Tender shall be valid for acceptance for a period of 90 days from the date fixed for receipt of Tenders.

Award and Preparation Costs:

The <Insert School's Name> reserves the right to award the contract for goods and services as detailed in this invitation as it sees fit, and may reject any or all of the Tenders received with no obligation to disclose its reasons. The cost of Tender preparation shall be borne in full by the Tenderer, who shall have no recourse to the <Insert School's Name> for this or any related expense.

Currency, VAT and Summation:

The currency of the Contract shall be UK Pounds, and costings shall be prepared on this basis:

All sums entered in the Tender are to be exclusive of VAT.

All costs which may be directly or indirectly related to the satisfactory completion of the Contract and for which remuneration would be sought shall be clearly detailed and summarised in your tender, or in accompanying paperwork.

No other additional charges which could reasonably have been anticipated shall be accepted.

(Service) Delivery and Installation:

The <Insert School's Name> is working to a target of site installation before <insert date> / a service implementation period from <insert dates>. This date may become critical and influence our selection; please consider this when calculating lead times. Please include a detailed schedule which you will implement in order to meet the site installation requirement / service delivery dates.

Service start-up / Installation and acceptance protocols and procedures are to be provided. Your offer must include all delivery and on-site installation costs including adequate insurances.

Proposed Sub-contractors:

Details of proposed sub-contractors must be supplied, with associated work-scopes.

Fitness for Purpose:

The Tenderer shall be deemed to have reasonable knowledge of and satisfied itself as to the nature of the <Insert School's Name> requirement, and any conditions which may affect its tender to supply, in order that the goods and related services offered shall be fit for purpose (see note 12, Contact for Queries).

Training and Documentation (use if necessary):

Details of on/off-site training required for full local operation to be included, together with proposals relating to how this should be funded.
Please detail user manuals and servicing documentation that will be provided to the <Insert School's Name> at no charge.

Equipment Lifetime Factors (use if necessary):

A commitment is required that the tenderer will support this equipment throughout its lifetime. An estimate of the expected life of this product in normal working use is required. Details of maintenance, servicing and breakdown costs including extended warranties are to be included. Please include a list of consumables and parts liable to wear, their current costs, and the expected annual costs in normal working use.

Alternative Proposals

You may wish to submit Alternative Proposals which include preferential costings based on closer association of partner organisations, an innovative approach to the supply or alternative means of delivering best value for money.

Alternative Proposals must be clearly marked so, and be submitted as separate appendix to your main tender.

Change in Status of Tenderer:

In the event that after the date of this Invitation to Tender and prior to the award of any Contract, the status or identity or circumstances of the Tenderer is changed in any material way, including but not limited to merger, amalgamation, take-over or any other reorganisation, change of name, or involvement in any action relating to receivership, liquidation, bankruptcy, winding-up or similar action, such change will be notified to <Insert School's Name> immediately. Failure to comply with this may result in Tenderers being disqualified, or in the event of any award of Contract shall be deemed to be in breach of Contract.

Contact for Queries:

All questions relating to the Tender Documents must be addressed to <Insert Contact Name and School's Address>. Answers to technical queries shall be circulated as necessary.

The authorised contact for this Tender is <Insert Contact Name > and in no circumstances should the substance of these documents be discussed with any other member of <Insert School's Name> without the specific written agreement of the authorised contact.

Please note: <Insert School's Name> reserves the right to refuse a Tender which has not been submitted in accordance with the instructions detailed here.

Example 4: Terms and Conditions of Tender

<Insert Contact Details and address>

For the attention of < named contact>

Dear Sirs,

Tender for : <insert description>

Having carefully examined the subject Invitation to Tender dated <insert date> and the documents detailed therein:-

We confirm that we have fully satisfied ourselves as to the nature of the requirements of <Insert School's Name>.

We hereby offer to supply the goods and related services in accordance with your Invitation to Tender and its enclosures as follows:

Instructions to Tenderers

Terms and Conditions of Tender (including Certificate of Tender) Specification of Requirements for a <insert description>

In the event that our Tender is accepted, we undertake to execute a formal contract with the <Insert School's Name> embodying all of the terms and conditions contained within this offer. Unless and until a formal agreement is executed, this Tender together with the <Insert School's Name>'s written or emailed acceptance shall constitute a binding Contract between us.

We agree to abide by our Tender for a period of 90 days fixed from the lodgement date of tenders, and it shall be binding upon us at any time before expiration of that period. We understand that you are not bound to accept the lowest or any Tender received, nor assign a reason for the rejection of any Tender. We accept that any costs incurred in Tender preparation are for our own account.

We understand that this shall be deemed to be our only and final offer, and unsolicited retenders shall not be considered.

We confirm that the person whose signature is appended to this Tender is a duly authorised signatory of our Company and has full and formal legal authority to sign this Tender on behalf of our Company.

We understand that if our Tender is accepted we shall be reimbursed for the goods and services in accordance with the terms and conditions of the Contract to be executed between us.

Certificate of Tender

We certify that this is a bona fide Tender, intended to be competitive, and that we have not fixed or adjusted the amount of the Tender in accordance with any other person, body or association.

Authorisation

Signed:

Name (Print): ---

Title: ---

For and on behalf of: ----------

Date: ----------

Full address, including postal code, to which all communications relating to this Tender should be despatched:

Telephone Number: ----------

Email: ----------

List of Documents Included with Form of Tender:

Example 5: Supplier Appraisal Form

<Insert School's Name>'s Supplier Appraisal Form

Please complete in BLOCK CAPITALS or typescript.

COMPANY DETAILS

Full Name ----------

Full Address ----------

Post Code ----------

Telephone Number ----------

Fax Number ----------

E-mail address ----------

Address of Headquarters (if different from above)

Telephone Number ---

Fax Number ---

E-mail address ---

Date your company was formed: ---

Type of company
Incorporated □ Partnership □ Sole Trader □

Other (please specify) ---

BUSINESS ACTIVITIES

Describe briefly the range of goods supplied by your company:

Give brief details of the areas in which your company specialises:

How many people does your company employ?

Permanent staff: _____ Contract staff: _____

FINANCIAL AND GENERAL INFORMATION

Turnover in each of the last three years	200- £	200- £	200- £

Will you authorise us to obtain bank references if required? YES / NO
Name and address of your company's bankers:

Please attach a copy of the audited accounts for each of the last two years.

If audited accounts are not available please state why below and attach any relevant financial information which is available.

Of what professional and/or trade associations, if any, is your company a member?

EXPERIENCE

Who are your major customers? May we seek references? YES / NO

Company Contact Name Telephone Number

Which other schools have you supplied goods/services to, and when?

School Supply Date Contact Name Telephone Number

Describe any supplies undertaken during the past two years which may be relevant to the proposed <Insert School's Name> supply:

Does your firm have a nationally recognised quality monitoring system in place? If so, please provide details.

Any other information you wish to provide and/or list of documents you have attached:

Signed for the Company ……...

Dated ……...

Name (block letters) ……...

Designation/Title ……...